

GENERAL ANNOUNCEMENT::ANNOUNCEMENT BY SUBSIDIARY COMPANY, GRAND PLAZA HOTEL CORPORATION

Issuer & Securities

Issuer/ Manager

CITY DEVELOPMENTS LIMITED

Securities

CITY DEVELOPMENTS LIMITED - SG1R89002252 - C09

Stapled Security

No

Announcement Details

Announcement Title

General Announcement

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Announcement Sub Title

Announcement by Subsidiary Company, Grand Plaza Hotel Corporation

Announcement Reference

SG260525OTHRVJQG

Submitted By (Co./ Ind. Name)

Soo Lai Sun

Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below)

Please refer to the audited Financial Statements for the Year Ended 31 December 2025 submitted by Grand Plaza Hotel Corporation to the Securities and Exchange Commission of the Philippines on 25 May 2026.

Attachments

[05.25.2026-GPHC 2025 AFS.pdf](#)

Total size = 11941K MB

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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M	a	n	i	l	a	,		E	D	S	A		c	o	r	n	e	r													
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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

charles.veloso@quisumbing torres.com

Company's Telephone Number/s

854-8838

Mobile Number

0917-819-4954

No. of Stockholders

16,383

Annual Meeting (Month / Day)

May 15

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Mr. Yam Kit Sung

Email Address

--

Telephone Number/s

854-8838

Mobile Number

--

CONTACT PERSON'S ADDRESS

10 th Floor, The Heritage Hotel Manila, EDSA Corner, Roxas Boulevard, Pasay 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.

GRAND PLAZA HOTEL CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The Management of **Grand Plaza Hotel Corporation** (the "Company") is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as at and for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of separate 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, including the schedule attached therein, and submits the same to the stockholders.

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

Signature: 

Kwek Eik Sheng
Chairman & President

Signature: 

Yam Kit Sung
Chief Financial Officer

Signed this 22nd of May 2026.

GRAND PLAZA HOTEL CORPORATION

FINANCIAL STATEMENTS
December 31, 2025, 2024 and 2023

With Independent Auditor's Report

R.G. Manabat & Co.



R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Grand Plaza Hotel Corporation
10th Floor, The Heritage Hotel Manila
EDSA corner Roxas Boulevard
Pasay City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grand Plaza Hotel Corporation (the "Company"), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the years then ended December 31, 2025, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Grand Plaza Hotel Corporation as at December 31, 2025 and 2024, and its financial performance and its cash flows for each of the years then ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' 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), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines. We have also 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.

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 until the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025, and Certificate of Accreditation issued on March 19, 2026, valid for five (5) years covering the audit of 2026 to 2030 financial statements
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029 financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

Key Audit Matters

Key audit matters are the 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.

Valuation of Property and Equipment

Refer to Note 10 to the financial statements

The risk

The Company has significant hotel assets classified as property and equipment which are measured at cost less accumulated depreciation and accumulated impairment losses, if any, and are subject to an annual assessment for impairment indicators. In undertaking the impairment assessment, the Company takes into consideration several factors including the economic outlook, the quantum of available headroom from previous valuations undertaken (where applicable). The hotel assets are then subjected to a detailed impairment review whereby their recoverable amounts are estimated.

The Company uses a combination of internal and external valuations to estimate the recoverable amount of its properties identified as at risk of being impaired, which is determined to be higher of the fair value less cost to sell and value-in-use of these properties. The valuations are sensitive to key assumptions applied and a change in the assumptions may have an impact on the recoverable amounts.

Our response

Our procedures included evaluating the design and implementation of relevant controls over the valuation process of the hotel assets and assessing the competence, capabilities, and objectivity of management's external valuation expert. We compared the actual asset performance to previous forecasts and to market data and assessing the quantum available headroom from previous valuations. We assessed the appropriateness of the valuation methodologies used and evaluated key assumptions by comparing them with historical performance, approved budgets and industry data. We evaluated the adequacy of the related disclosures in the financial statements.

Valuation of Assets Transferred as Non-Cash Consideration

Refer to Note 20 to the financial statements

The risk

In May 2025, the Company entered into a memorandum of agreement to settle outstanding receivable from a lessee through the transfer of assets as non-cash consideration. The assets received were measured at fair value at the transaction date using the cost approach.

We identified this as a key audit matter due to the significant judgement and estimation uncertainty involved in determining the fair value of the transferred assets. The valuation is dependent on assumptions relating to replacement cost, as well as adjustments for physical deterioration, functional and economic obsolescence, and the selection of appropriate valuation inputs.

Our Response

Our procedures included evaluating the design and implementation of relevant controls over the valuation process for assets received as non-cash consideration and assessing the competence, capabilities, and objectivity of management's external valuation expert. We inspected the memorandum of agreement and assessed whether the accounting treatment is consistent with the applicable financial reporting framework. We tested key inputs, including replacement cost data and adjustments for depreciation and obsolescence, by reference to external data and industry benchmarks. We evaluated the adequacy of related disclosures in the financial statements.

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, 2025, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditors' 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 PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as 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 its operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and 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 auditors' 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 auditors' 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.

R.G. Manabat & Co.



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

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 auditors' 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 No. 15-2010 of the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in Note 26 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 supplementary information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is Anabella R. Resuello.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'Anabella R. Resuello', written over a faint, illegible stamp.

ANABELLA R. RESUELLO

Partner

CPA License No. 0125463

SEC Accreditation No. 125463-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements

Tax Identification No. 941-200-384

BIR Accreditation No. 08-001987-049-2025

Issued June 9, 2025; effectivity January 7, 2025; validity January 6, 2028

PTR No. MKT 10764409

Issued January 5, 2026 at Makati City

May 22, 2026

Makati City, Metro Manila

GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2025	2024
ASSETS			
Current Assets			
Cash and cash equivalents	4, 25	P288,627,463	P452,469,114
Receivables - net	5, 25	98,854,344	190,897,960
Loan receivable	9, 14, 25	15,500,000	15,500,000
Due from related parties	14, 25	13,366,916	11,709,738
Inventories	6	7,957,556	7,804,071
Prepaid expenses and other current assets	7	120,826,162	91,101,574
Total Current Assets		545,132,441	769,482,457
Noncurrent Assets			
Property and equipment - net	10, 20	795,836,586	632,541,309
Investment in an associate	8, 14	50,440,343	50,220,582
Deferred tax assets - net	22	19,927,041	16,872,954
Other noncurrent assets	11, 14	99,997,338	99,681,146
Total Noncurrent Assets		966,201,308	799,315,991
		P1,511,333,749	P1,568,798,448
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	12, 25	P134,628,912	P126,302,125
Refundable deposits	19, 20, 25	27,927,343	103,092,300
Due to related parties	14, 25	94,081,047	86,731,074
Lease liability - current portion	14, 20, 25	5,887,493	5,422,802
Other current liabilities	13, 25	55,636,986	58,951,116
Total Current Liabilities		318,161,781	380,499,417
Noncurrent Liabilities			
Lease liability - noncurrent portion	14, 20, 25	142,619,034	148,506,527
Retirement benefits liability	21	39,272,448	37,366,075
Total Noncurrent Liabilities		181,891,482	185,872,602
Total Liabilities		500,053,263	566,372,019
Equity			
Capital stock	24	873,182,700	873,182,700
Additional paid-in capital	24	14,657,517	14,657,517
Remeasurement gains on retirement benefits liability - net	21	12,304,230	12,213,890
Retained earnings	23	1,791,156,409	1,782,392,692
Treasury stock	23, 24	(1,680,020,370)	(1,680,020,370)
Total Equity		1,011,280,486	1,002,426,429
		P1,511,333,749	P1,568,798,448

See Notes to the Financial Statements.

GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF PROFIT OR LOSS

		Years Ended December 31		
	<i>Note</i>	2025	2024	2023
REVENUES				
Rooms		P269,109,665	P253,049,454	P237,914,097
Food and beverage		169,747,969	166,944,305	149,400,682
Rent income	20	58,400,157	101,082,790	74,280,488
Other operating departments		1,401,229	1,411,655	1,343,746
Others		3,930,968	5,495,929	5,352,447
		502,589,988	527,984,133	468,291,460
COST OF SALES AND SERVICES				
	16	186,657,910	178,107,708	157,934,954
GROSS OPERATING INCOME		315,932,078	349,876,425	310,356,506
ADMINISTRATIVE EXPENSES		17	330,575,097	297,815,656
NET OPERATING INCOME (LOSS)		17	330,575,097	275,815,035
NET OPERATING INCOME (LOSS)			(14,643,019)	52,060,769
OTHER INCOME - Net				
Interest income	4, 9, 14	15,204,289	23,095,280	22,837,181
Foreign exchange gain (loss) - net		2,583,218	10,966,572	(5,186,799)
Equity in net income of an associate	8	1,419,761	1,782,600	1,662,758
Interest on lease liability	20	(12,374,806)	(12,802,820)	(13,197,049)
Others	20	20,550,003	-	-
		27,382,465	23,041,632	6,116,091
INCOME BEFORE INCOME TAX			12,739,446	75,102,401
INCOME TAX EXPENSES		22	3,975,729	14,222,322
NET INCOME			P8,763,717	P60,880,079
Basic and Diluted Earnings Per Share		18	P0.16	P1.13
			P1.13	P0.57

See Notes to the Financial Statements.

GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	<i>Note</i>	2025	2024	2023
NET INCOME		P8,763,717	P60,880,079	P30,863,382
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified to profit or loss				
Remeasurement gain (loss) on retirement benefits liability	21	120,453	(3,270,385)	(1,066,144)
Deferred tax benefit (expense)	22	(30,113)	817,596	266,536
		90,340	(2,452,789)	(799,608)
TOTAL COMPREHENSIVE INCOME		P8,854,057	P58,427,290	P30,063,774

See Notes to the Financial Statements.

GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31

	<i>Note</i>	Capital Stock (Note 24)	Additional Paid-in Capital (Note 24)	Remeasurement Gains on Retirement Benefits Liability - net of tax	Retained Earnings (Note 23)	Treasury Stock (Note 24)	Total Equity
Balances at January 1, 2023		P873,182,700	P14,657,517	P15,466,287	P1,690,649,231	(P1,680,020,370)	P913,935,365
Net income for the year		-	-	-	30,863,382	-	30,863,382
Other comprehensive loss for the year	21	-	-	(799,608)	-	-	(799,608)
Total comprehensive income for the year		-	-	(799,608)	30,863,382	-	30,063,774
Balances at December 31, 2023		P873,182,700	P14,657,517	P14,666,679	P1,721,512,613	(P1,680,020,370)	P943,999,139
Balances at January 1, 2024		P873,182,700	P14,657,517	P14,666,679	P1,721,512,613	(P1,680,020,370)	P943,999,139
Net income for the year		-	-	-	60,880,079	-	60,880,079
Other comprehensive loss for the year	21	-	-	(2,452,789)	-	-	(2,452,789)
Total comprehensive income for the year		-	-	(2,452,789)	60,880,079	-	58,427,290
Balances at December 31, 2024		P873,182,700	P14,657,517	P12,213,890	P1,782,392,692	(P1,680,020,370)	P1,002,426,429
Balances at January 1, 2025		P873,182,700	P14,657,517	P12,213,890	P1,782,392,692	(P1,680,020,370)	P1,002,426,429
Net income for the year		-	-	-	8,763,717	-	8,763,717
Other comprehensive income for the year	21	-	-	90,340	-	-	90,340
Total comprehensive income for the year		-	-	90,340	8,763,717	-	8,854,057
Balances at December 31, 2025		P873,182,700	P14,657,517	P12,304,230	P1,791,156,409	(P1,680,020,370)	P1,011,280,486

See Notes to the Financial Statements.

GRAND PLAZA HOTEL CORPORATION
STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	<i>Note</i>	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P12,739,446	P75,102,401	P40,657,562
Adjustments for:				
Depreciation	10, 17	55,339,190	42,870,585	37,489,676
Interest on lease liability	20	12,374,806	12,802,820	13,197,049
Retirement benefits cost	21	4,655,386	4,154,975	3,780,654
Gain on transfer	20	(20,550,003)	-	-
Interest income	4, 9, 14	(15,204,289)	(23,095,280)	(22,837,181)
Unrealized foreign exchange loss (gain) - net		(3,876,354)	(11,228,337)	4,887,922
Equity in net income of an associate	8	(1,419,761)	(1,782,600)	(1,662,758)
Loss on disposal of property and equipment	10	-	8,754	-
Provision for (reversal of) impairment losses on receivables	5, 25	-	(350,981)	299,422
Operating income before working capital changes		44,058,421	98,482,337	75,812,346
Increase in:				
Receivables		(42,448,791)	(72,407,641)	(26,235,875)
Prepaid expenses and other current assets		(29,724,588)	(6,124,860)	(2,815,452)
Due from related parties		(1,657,178)	(305,357)	(361,790)
Inventories		(153,485)	(692,340)	(772,620)
Other noncurrent assets		-	-	(573,729)
Increase (decrease) in:				
Accounts payable and accrued expenses		8,326,787	14,168,811	48,908,421
Due to related parties		7,349,973	23,074,539	16,470,363
Refundable deposits		(3,387,547)	(23,804,909)	26,667
Other current liabilities		(3,314,130)	(2,135,100)	3,528,723
Net cash generated from (used in) operations		(20,950,538)	30,255,480	113,987,054
Interest received	4, 9, 14	15,204,289	23,095,280	22,837,181
Income taxes paid		(7,059,929)	(11,767,272)	(12,903,717)
Retirement benefits paid	21	(2,628,560)	(927,818)	(1,408,443)
Net cash provided by (used in) operating activities		(15,434,738)	40,655,670	122,512,075

Forward

		Years Ended December 31		
	Note	2025	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received from an associate	8	P1,200,000	P1,600,000	P1,600,000
Additions to property and equipment	10	(130,333,905)	(120,220,445)	(21,013,220)
Advances to suppliers for capital expenditures		(5,351,754)	(7,634,460)	(27,070,663)
Proceeds from disposal of property and equipment		-	1,274,222	-
Net cash used in investing activities		(134,485,659)	(124,980,683)	(46,483,883)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest payment of lease liability	20	(12,374,806)	(12,802,820)	(13,197,049)
Principal payment of lease liability	20	(5,422,802)	(4,994,788)	(4,600,559)
Cash used in financing activities		(17,797,608)	(17,797,608)	(17,797,608)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		3,876,354	11,228,337	(4,887,922)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(163,841,651)	(90,894,284)	53,342,662
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4	452,469,114	543,363,398	490,020,736
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	P288,627,463	P452,469,114	P543,363,398

See Notes to the Financial Statements.

GRAND PLAZA HOTEL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

Grand Plaza Hotel Corporation (the “Company”) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 9, 1989 primarily to own, lease or manage one or more hotels, inns or resorts, all adjuncts and accessories thereto, and all other tourist-oriented businesses as may be necessary in connection therewith. The Company is a public company under Section 17.2 of the Revised Securities Regulation Code and its shares are listed on the Philippine Stock Exchange (PSE). The immediate parent of the Company is The Philippine Fund Limited (TPFL) owning 54%, a corporation organized in the Islands of Bermuda. The ultimate parent of the Company is Hong Leong Investment Holdings Pte Ltd., a corporation organized in Singapore. The Company’s intermediary parents are Hong Leong Limited, City Developments Limited and Millenium & Copthorne Hotels Limited.

The Company owns and operates The Heritage Hotel (the “Hotel”), its only operating segment, which is a deluxe class hotel that offers 450 rooms and facilities and amenities such as restaurants, function halls, and a coffee shop. The address of the Company’s registered and principal office is the 10th Floor, The Heritage Hotel Manila, EDSA corner Roxas Boulevard, Pasay City.

On July 9, 2025, during the Annual Stockholders’ Meeting, the stockholders of the Company ratified the resolutions of the Board of Directors (BOD) authorizing the amendment of the Articles of Incorporation and By-Laws to change the Company’s business or trade name from “*The Heritage Hotel Manila*” to “*Millennium Heritage Hotel Manila*.” The Company has filed its application for the Amended Articles of Incorporation with the SEC; however, as at the reporting date, the application has not yet been approved.

2. Basis of Preparation

Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

The financial statements were approved and authorized for issue by the BOD on May 6, 2026.

Basis of Measurement

The financial statements have been prepared on the historical cost basis of accounting except for retirement benefits liability which is the present value of the defined benefit obligation less fair value of plan assets, if any.

Functional and Presentation Currency

The Company’s financial statements are presented in Philippine peso (PHP), which is also the Company’s functional currency. All amounts have been rounded off to the nearest peso, unless otherwise indicated.

Use of Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates.

Judgments are made by management on the developments, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates.

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

The following presents the summary of these judgments and estimates which have material effects on the amounts recognized in the financial statements:

Determining whether an Agreement Contains a Lease

The Company uses its judgment in determining whether an arrangement contains a lease, based on the substance of the arrangement at inception date and makes assessment of whether the arrangement is dependent on the use of a specific asset or assets, the arrangement conveys a right to use the asset and the arrangement transfers substantially all the risks and rewards incidental to ownership to the Company.

Company as Lessor

The Company has entered into a lease of its commercial spaces. The Company has determined that it retains all significant risks and rewards of ownership of these spaces which are leased out under operating lease arrangements (Note 20).

Company as Lessee

The Company has entered into a lease of land. All the significant risks and rewards of ownership of the leased land remain with the lessor, since the leased property, together with the buildings thereon, and all attached permanent fixtures will be returned to the lessor upon the termination of the lease (Note 20).

Estimating Allowance for Impairment Losses on Receivables

The Company uses the ECL model in estimating the level of allowance which includes forecasts of future events and conditions. A credit loss is the difference between the cash flows that expected to be received discounted at the original effective interest rate. The model represents a probability-weighted estimate of the difference over the remaining life of the receivables. The maturity of the Company's receivables is less than one year so the lifetime ECL and the 12-month ECL is similar. In addition, management assessed the credit risk of the receivables as at the reporting date as low, therefore the Company did not have to assess whether a significant increase in credit risk has occurred.

The loss allowances for financial assets are based on assumptions about risk of default and ECL rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period (Note 5).

Estimating Useful Lives of Property and Equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of property and equipment is based on collective assessment of internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances (Note 10).

Estimating Fair Value of Assets Transferred as Non-cash Consideration

The Company measures non-cash consideration received or given in a transaction at its fair value at the transaction date, in accordance with the applicable financial reporting framework. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants under prevailing market conditions (Note 20).

Estimating Realizability of Deferred Tax Assets

The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company also reviews the expected timing and tax rates upon reversal of temporary differences and adjusts the impact of deferred tax accordingly (Note 22).

Estimating Retirement Benefit Obligations

The determination of the retirement benefit obligation and retirement benefits cost is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates (Note 21).

Estimating Allowance for Impairment Losses on Non-financial Assets

The Company assesses impairment on non-financial assets whenever events or changes in circumstances indicate that the carrying amount of such asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

If any indicator exists, the asset's recoverable amount is estimated. Determining the recoverable amount of the assets requires estimation of cash flows expected to be generated from continued use and ultimate disposal of such assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses would increase recorded operating expenses and decrease noncurrent assets.

No impairment loss was recognized for the years ended December 31, 2025, 2024 and 2023 (Note 10).

Estimating Provisions and Contingencies

The Company is currently involved in a tax case and assessment arising from the ordinary course of business. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsels handling the defense in these matters and is based upon an analysis of potential results. The Company's management and its legal counsel believe that the lawsuits and claims will not have material effect on the Company's financial position and performance. Accordingly, no provision for probable losses arising from legal contingencies was recognized in the financial statements as at December 31, 2025 and 2024.

3. Material Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, except for the changes in accounting policies as explained below.

Standards Issued But Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2025. However, the Company has not early adopted the following new or amended standards in preparing these financial statements.

Effective January 1, 2026

- *Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 and PFRS 7, Financial Instruments: Disclosure)*. The amendments relate to the date of recognition and derecognition, classification of financial assets, contractually linked instruments (CLI) and non-recourse features, and disclosures on investments in equity instruments.

Date of Recognition and Derecognition. The amendments clarified that:

- a financial asset or a financial liability is recognized on the date on which the entity becomes party to the contractual provisions of the instrument unless the regular way exemption applies;
- a financial asset is derecognized on the date on which the contractual rights to cash flows expire or the asset is transferred; and
- a financial liability is derecognized on the settlement date, which is the date on which the liability is extinguished because the obligation specified in the contract is discharged or cancelled or expires or the liability otherwise qualifies for derecognition.

However, the amendments provide an exception for the derecognition of financial liabilities where an entity may choose to derecognize a financial liability that is settled using an electronic payment system before the settlement date if, and only if, the entity has initiated the payment instruction that resulted in:

- the entity having no practical ability to withdraw, stop or cancel the payment instruction;
- the entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

Entities may choose to apply the exception on a system-by-system basis.

Classification of Financial Assets. The amendments related to classification of financial assets introduces an additional test to assess whether the sole payments of principal and interest (SPPI) criterion is met for financial assets with contingent features that are not related directly to a change in basic lending risks or costs. The amendments clarified that when a contingent feature gives rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs, the financial asset has contractual cash flows that are SPPI if, and only if, in all contractually possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature. Additional disclosures are required for all financial assets and financial liabilities that have certain contingent features that are not related directly to a change in basic lending risks or costs and are not measured at fair value through profit or loss (FVTPL).

CLI and Non-recourse Features. The amendments clarify the key characteristics of CLI and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test). For example, it clarifies that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets; that CLIs have non-recourse features, but not all financial assets with non-recourse features are CLIs; and that the underlying pool of instruments of CLIs may include financial assets outside the scope of IFRS 9.

Disclosures on Investments in Equity Instruments. The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI). The entity discloses for each class of investment the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognized during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period. It also discloses any transfers of the cumulative gain or loss within equity during the reporting period related to investments derecognized during that reporting period.

The amendments apply for reporting periods beginning on or after January 1, 2026. Earlier application is permitted. Entities may choose to early-adopt the amendments for the recognition and derecognition of financial assets and financial liabilities separately from the other amendments.

Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to the following standards:

- *Gain or Loss on Derecognition (Amendments to PFRS 7).* The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13, *Fair Value Measurement*.
- *Introduction, Disclosure of Difference Between Fair Value and Transaction Price, and Credit Risk Disclosures (Amendments to Guidance on implementing PFRS 7).* The amendments:
 - clarified that the Guidance on implementing PFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7;
 - made the wordings on the disclosure of deferred difference between fair value and transaction price in paragraph IG14 of PFRS 7 consistent with the requirements in paragraph 28 of PFRS 7 and with the concepts in PFRS 9 and PFRS 13; and
 - simplified the wordings on credit risk disclosures in paragraph IG20B that the illustration does not include financial assets that are purchased or originated credit impaired.
- *Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9).* The amendments:
 - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss; and
 - replaced the term 'their transaction price (as defined in PFRS 15, *Revenue from Contracts with Customers*)' with 'the amount determined by applying PFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.
- *Cost Method (Amendments to PAS 7, Statement of Cash Flows).* The amendments replaced the term 'cost method' with 'at cost' given the definition of 'cost method' has previously been removed from PFRS Accounting Standards.

The amendments apply for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

Effective January 1, 2027

- *PFRS 17, Insurance Contracts*, replaces the interim standard, *PFRS 4, Insurance Contracts*. Reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period, PFRS 17 introduces a new approach that:
 - a) combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;
 - b) presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
 - c) requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

Under PFRS 17, groups of insurance contracts are measured based on fulfilment cash flows, which represent the risk-adjusted present value of the entity's rights and obligations to the policy holders, and a contractual service margin, which represents the unearned profit the entity will recognize as it provides services over the coverage period. Subsequent to initial recognition, the liability of a group of insurance contracts represents the liability for remaining coverage and the liability for incurred claims, with the fulfilment cash flows remeasured at each reporting date to reflect current estimates.

Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the 'premium allocation approach', investment contracts with discretionary participation features, and reinsurance contracts held.

PFRS 17 brings greater comparability and transparency about the profitability of new and in-force business and gives users of financial statements more insight into an insurer's financial health. Separate presentation of underwriting and financial results will give added transparency about the sources of profits and quality of earnings.

PFRS 17 is effective for annual periods beginning on or after January 1, 2027. Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. There is also a transition option allowing presentation of comparative information about financial assets using a classification overlay approach on a basis that is more consistent with how PFRS 9 will be applied in future reporting periods. Early application is permitted for entities that apply PFRS 9 on or before the date of initial application of PFRS 17.

- PFRS 18, *Presentation and Disclosure in Financial Statements*, will replace PAS 1, *Presentation of Financial Statements*, and aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information.
 - *A more structured income statement.* PFRS 18 promotes a more structured income statement. It introduces a newly defined 'operating profit or loss' and 'profit or loss before financing and income tax' subtotals, and a requirement for all income and expenses to be classified into three new distinct categories - operating, investing, and financing - based on a company's main business activities. PFRS 18 also requires companies to analyze their operating expenses directly on the face of the income statement - either by nature, by function or on a mixed basis. Companies need to choose the presentation method that provides the 'most useful structured summary' of those expenses. New disclosures apply if any operating expenses are presented by function.
 - *Management-defined performance measures.* PFRS 18 provides a definition for management-defined performance measures (MPMs) and introduces specific disclosure requirements. MPMs are subtotals of income and expenses that are used in public communications outside the financial statements, communicate management's view of an aspect of the financial performance of the entity as a whole and are not a required subtotal or a common income and expense subtotal listed in PFRS 18. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under PFRS Accounting Standards.
 - *Greater disaggregation of information.* PFRS 18 provides enhanced guidance on how companies group information in the financial statements, including newly defined roles of the primary financial statements and the notes, principles of aggregation and disaggregation based on shared and non-shared characteristics, and specific guidance for labelling and describing items in a way that faithfully represents an item's characteristics.

PFRS 18 also now require goodwill to be presented as a line item in the statement of financial position.

Consequential amendments to PAS 7 requires the use of the operating profit or loss subtotal as the starting point when presenting operating cash flows under the indirect method and eliminate the options for classifying interest and dividend cash flows.

PFRS 18 also amends PAS 33, *Earnings per Share*, to permit companies to disclose additional amounts per share using as numerator a required income and expenses total or subtotal, a common subtotal listed in PFRS 18 or an MPM disclosed by the entity.

PFRS 18 applies for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. It applies retrospectively in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. Specific reconciliations are required to be disclosed. Eligible entities including venture capital organizations, mutual funds and some insurers will be allowed to change their election for measuring investments in associates and joint ventures from equity method to FVTPL.

The Company is still in the process of assessing the impact of this new standard.

Financial Instruments

Non-derivative Financial Instruments. Non-derivative financial instruments consist of cash and cash equivalents, receivables, loan receivable, due from related parties, deposits (included under other current and noncurrent assets), accounts payable and accrued expenses, due to related parties, refundable deposits, and other current liabilities except for output value-added tax (VAT) payable and other statutory payables.

Recognition and Initial Measurement. Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and Subsequent Measurement. On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) - debt investment; FVOCI - equity investment; or FVTPL.

The Company has no financial assets classified as measured at: FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Included in this category are the Company's cash and cash equivalents, receivables, loan receivable, due from related parties and deposits.

Business Model Assessment. The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- a. the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- b. how the performance of the portfolio is evaluated and reported to the Company's management;
- c. the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- d. how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- e. the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Assessment Whether Contractual Cash Flows are SPPI. For purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time for other basic lending risks and costs, (e.g., liquidity risk and administrative costs), as well as profit margin. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Company considers the following in making the assessment:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets.

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial Liabilities

Classification, Subsequent Measurement and Gains and Losses. Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if its is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Included under other financial liabilities are the Company's accounts payable and accrued expenses, refundable deposits, due to related parties, lease liability and other current liabilities except for output VAT payable and other statutory payables.

Impairment of Financial Assets

The Company uses the expected credit losses ("ECL") model which is applied to all debt instruments measured at amortized cost or FVOCI as well as to issued loan commitments and most financial guarantee contracts. The ECL model is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses. Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or which have low credit risk at the reporting date. For these items, 12-month ECL are recognized. The 12-month ECL are the ECL that result from default events that are possible within 12 months after the reporting date. Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but are not credit impaired. For these items, lifetime ECL are recognized which are the weighted average credit losses with the probability of default as the weight. Stage 3 includes financial assets that are credit impaired at the reporting date. For these items, lifetime ECL are recognized.

A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience, credit assessment and including forward-looking information.

The information analyzed by the Company includes the following, among others:

- actual and expected significant changes in the political, regulatory and technological environment of the debtor or in its business activities;
- payment record - this includes overdue status as well as a range of variables about payment ratios; and
- existing and forecast changes in the business, financial and economic conditions.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligation to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the debtor is past due more than 90 days on any material credit obligation to the Company.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, the financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The impairment loss for the period shall be recognized in the statements of comprehensive income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statements of comprehensive income, to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position when, and only when, the Company has an enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the financial liability simultaneously. This is not generally the case with master netting agreements, and the related financial assets and financial liabilities are presented gross in the statements of financial position.

'Day 1 Profit'

Where the transaction price in a non-active market is different from the fair value of the 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' profit) in profit or loss unless it qualifies for recognition as some other type of asset.

In cases where no observable data are used, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' profit amount.

Derecognition of Financial Instruments

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

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

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

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

Determination of Fair Values

A number of the Company’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes, when necessary. 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The different levels of fair value of financial instruments carried at fair value, by valuation method have been defined as follows:

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

Inventories

Inventories are measured at the lower of cost and net realizable value (NRV). Cost is determined using the average principle, and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. NRV is the estimated selling price in the ordinary course of business, less the estimated selling expenses. Obsolete inventories are disposed of and related costs are recognized in profit or loss.

Inventories are derecognized upon sale or when there are no expected future benefits from disposal and are recognized under "Costs of sales and services" account in the statements of profit or loss.

Prepayments and Other Currents Assets

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

Other current assets pertain to assets which are expected to be realized within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Investment in an Associate

An associate is an entity in which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies.

The Company's investment in an associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize the changes in the Company's share in the net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The Company discontinues applying the equity method when its investment in the investee company is reduced to zero. Accordingly, additional losses are not recognized unless the Company has guaranteed certain obligations of the investee company. When the investee company subsequently reports net income, the Company will resume applying the equity method but only after its share in net income equals the share in net losses not recognized during the period when the equity method was suspended.

Property and Equipment

Property and equipment are measured at cost less accumulated depreciation, and accumulated impairment losses, if any.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to its working condition. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Company. The costs of day-to-day servicing an asset are recognized in profit or loss in the period in which they are incurred.

Construction-in-progress (CIP) are measured at cost and shall be depreciated using the straight line method when the development is completed or the assets are ready for their intended use.

Depreciation is computed using the straight-line method over the estimated useful lives of property and equipment. Leasehold improvements are depreciated over the estimated useful lives or the term of the lease, whichever is shorter.

The estimated useful lives are as follows:

	Number of Years
Building and building improvements	46 to 50, or term of the lease, whichever is shorter
Right-of-use asset	21
Furniture, fixtures and equipment	5 to 10
Transportation equipment	5
Leasehold improvements	5, or term of the lease, whichever is shorter

Estimated useful lives and depreciation methods are reviewed at each reporting date to ensure that they are consistent with the expected pattern of economic benefits from these assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation, amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

Impairment of Non-financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its fair value less costs of disposal or value in use. The 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, less the costs attributable to the disposal of an asset or CGU. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or CGU and from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs to. An impairment loss is recognized in profit or loss in those expense categories consistent with the function of the impaired asset only if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Capital Stock

Capital stock is classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefit.

Treasury Stock

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in additional paid-in capital.

Retained Earnings

The amount included in retained earnings includes earnings attributable to the Company's equity holders and reduced by dividends, if any, on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are declared by the Company's stockholders. Dividends for the year that are approved after the financial reporting date are dealt with as an event after the financial reporting date.

Retained earnings may also include prior year adjustments and the effect of changes in accounting policies as may be required by the standards' transitional provisions.

Revenue

Revenue from Contracts with Customers

The Company's business is primarily engaged in offering hotel rooms and facilities such as restaurants, function halls, coffee shops and all adjuncts and accessories, thereto, with a 15 to 30-day credit term.

The Company recognizes revenue when it transfers control over a product or service to a customer. Revenue is measured based on the consideration specified in a contract with a customer.

The following is a description of principal activities from which the Company generates its revenue. Revenue is disaggregated by major products/service lines as reflected in the statements of profit or loss.

Hotel Rooms and Function Halls

Revenue from hotel rooms and function halls is recognized at the point in time when control of the service is transferred to a customer, generally on actual occupancy. The normal credit terms for lease of hotel rooms and function halls is 30 days, when payment is made on credit.

Food and Beverage

Revenue from food and beverage is recognized at the point in time when the goods have been delivered.

Other Operating Departments

Revenue from other operating departments is recognized at the point in time when the service has been rendered. This pertains to the revenue from telephone use, internet and laundry services.

Other Revenues

Other revenues are recognized at the point in time when the service has been rendered.

Other Income

Interest income which is presented net of tax, is recognized when earned.

Costs and Expenses

Costs and expenses are recognized when incurred.

Foreign Currency Transactions

Transactions in foreign currencies are translated to PHP based on the prevailing exchange rates at the dates of the transactions. Monetary assets and monetary liabilities denominated in foreign currencies are retranslated using the exchange rates prevailing at the reporting date. The resulting foreign exchange gains or losses are recognized in profit or loss.

Operating Segment

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those other segments.

The Company determines and presents operating segments based on the information that is internally provided to the Chief Financial Officer, who is the Company's chief operating decision maker. The Company assessed that its hotel business represents its only operating segment.

Leases

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

As a Lessor

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Rent income from operating leases is recognized as income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as rent income. Contingent rents are recognized as income in the period in which they are earned.

As a Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term Leases

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and availed the practical expedient for exemption. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Taxes

Income tax expense is composed of current and deferred taxes. Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case it is recognized in equity or other comprehensive income.

Current Tax

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

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Deferred Tax

Deferred tax assets and deferred tax liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, and the carryforward tax benefits of unused net operating loss carryover (NOLCO) and unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT).

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the carryforward tax benefits of unused NOLCO and unused tax credits from the excess of MCIT over RCIT can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. 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 assets to be recognized.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to 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 the reporting date.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and the deferred taxes relate to the same tax authority on the same taxable entity.

VAT. Revenue, expenses and assets are recognized net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services are not recoverable from the tax 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; and
- receivables and payables that are stated with amount of VAT included.

The input and output VAT are presented at gross and included under prepaid expenses and other current assets and other current liabilities, respectively, in the statements of financial position.

Earnings Per Share

The Company presents basic and diluted earnings per share (EPS) for its common shares. Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding during the year, after giving retroactive effect to any stock dividends declared during the year, if any. Diluted EPS is determined by adjusting the net income for the effects of all dilutive potential shares.

Related Parties

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and operating decisions. Such relationship also exists between and/or among entities under common control with the reporting enterprises and their key management personnel, directors, or its stockholders. Related parties may be individuals or corporate entities.

Employee Benefits

Retirement Costs

The Company's net obligation in respect of the defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed on a periodic basis by a qualified actuary appointed by the Company using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingencies

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

Events After the Reporting Date

Any event after the reporting date that provide additional information about the Company's financial position at the reporting date (adjusting event) is recognized in the financial statements when material. Any event after the reporting date that is not an adjusting event is disclosed in the notes to the financial statements when material.

4. Cash and Cash Equivalents

This account consists of:

	<i>Note</i>	2025	2024
Cash on hand and in banks		P66,348,728	P87,528,826
Short-term investments		222,278,735	364,940,288
	25	P288,627,463	P452,469,114

Cash in banks earns annual interest at the prevailing bank deposit rates. Short-term investments consist mainly of time deposits which earn annual interest ranging from 0.05% to 5.08%, 0.05% to 5.90%, and 0.05% to 4.95% in 2025, 2024 and 2023, respectively. Interest income earned from this account amounted to P10,529,289, P18,420,280, and P18,162,181 for the years ended December 31, 2025, 2024 and 2023, respectively.

5. Receivables - net

This account consists of:

	<i>Note</i>	2025	2024
Trade:			
Charge customers		P58,706,789	P67,937,379
Rent receivable		1,297,294	68,265,828
Others		23,591,640	23,591,640
	25	83,595,723	159,794,847
Utility charges		23,648,508	35,545,069
Advances to employees		850,571	547,908
Interest		374,581	1,040,606
Others		4,421,708	8,006,277
		112,891,091	204,934,707
Less allowance for impairment losses on trade receivables	25	(14,036,747)	(14,036,747)
	25	P98,854,344	P190,897,960

Trade receivables are non-interest bearing and are generally on a 15 to 30-day credit term.

Trade - Charge customers include receivables from airlines, travel agencies and embassies.

Trade - Others are receivables from Philippine Amusement and Gaming Corporation (PAGCOR) which consist of unpaid billings from the contract with PAGCOR which was terminated in July 2013. The collection of the remaining receivables from PAGCOR is subject to the ongoing reconciliation of records between the Company and PAGCOR who have not yet reached an agreement as to the net amount of settlement due to each party. Other receivables from PAGCOR amounting to P22,111,431 are classified under "Utility charges".

The movements in the allowance for impairment losses in respect of trade receivables during the year are as follows:

	Note	Amount
Balance at January 1, 2024		P14,387,728
Reversal in 2024	17	(350,981)
Balance at December 31, 2025 and 2024	25	P14,036,747

The Company's exposure to credit risks related to trade receivables is disclosed in Note 25.

6. Inventories

Inventories measured at cost consists of:

	2025	2024
Engineering supplies	P3,130,983	P3,300,271
General supplies	2,224,405	1,699,366
Food	2,042,315	2,209,074
Beverage and tobacco	327,433	403,853
Others	232,420	191,507
	P7,957,556	P7,804,071

There were no inventories written down to NRV in 2025, 2024 and 2023. Cost of goods sold recognized in profit or loss amounted to P72,255,888, P71,288,899 and P62,302,219, in 2025, 2024 and 2023, respectively (Note 16).

7. Prepaid Expenses and Other Current Assets

This account consists of:

	2025	2024
Prepaid expenses	P69,698,314	P54,519,071
Input VAT	32,993,980	16,682,436
Creditable withholding VAT	17,818,295	19,696,494
Utilities deposit	315,573	203,573
	P120,826,162	P91,101,574

Input VAT is current and can be applied against Output VAT payable.

Creditable withholding VAT represents the five percent (5%) taxes withheld from its collections from various government agencies.

Prepaid expenses consist of insurance premiums, maintenance and dues and subscriptions.

8. Investment in an Associate

This account pertains to the 40% ownership in Harbour Land Corporation (HLC), which was incorporated and registered with the Philippine SEC and is engaged in the real estate business (Note 14). HLC's registered office is located at the 10th Floor, The Heritage Hotel Manila, EDSA corner Roxas Boulevard, Pasay City.

This account consists of:

	2025	2024
Acquisition cost	P48,200,000	P48,200,000
Accumulated share in net earnings:		
Balance at beginning of year	2,020,582	1,837,982
Equity in net income	1,419,761	1,782,600
Dividends received	(1,200,000)	(1,600,000)
Balance at end of year	2,240,343	2,020,582
	P50,440,343	P50,220,582

A summary of the information of HLC as follows:

	2025	2024
Current assets	P33,973,689	P32,769,579
Noncurrent assets	121,830,382	121,830,382
Current liabilities	(5,725,292)	(5,215,924)
Noncurrent liability	(78,000,000)	(78,000,000)
Net assets (100%) – net	72,078,779	71,384,037
Add: Subscription receivable	54,000,000	54,000,000
	P126,078,779	P125,384,037
Company's share of net assets (40%)	P50,431,512	P50,153,615
Revenue	P17,797,608	P17,797,608
Net income/total comprehensive income (100%)	P3,549,403	P4,456,500
Company's share in net income/total comprehensive income (40%)	P1,419,761	P1,782,600

9. Loan Receivable

This pertains to the loan granted to Rogo Realty Corporation (RRC), a company under common control, collateralized by RRC's investment in shares of stock of HLC with a carrying amount of P72,300,000 as at December 31, 2025 and 2024 and is collectable on demand with interest rate of 5% per annum (Note 14).

Interest income earned in 2025, 2024 and 2023 amounted to P775,000 for each year.

10. Property and Equipment - net

The movements and balances in this account are as follows:

	Building and Building Improvements	Furniture Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	CIP	Right-of-Use Asset (Note 20)	Total
Cost							
Balance, January 1, 2024	P1,069,543,932	P395,208,274	P7,438,511	P385,157	P -	P178,571,220	P1,651,147,094
Additions	17,603,584	27,851,767	-	-	97,381,789	-	142,837,140
Disposals	(5,204,672)	(34,420,455)	-	-	-	-	(39,625,127)
Balance, December 31, 2024	1,081,942,844	388,639,586	7,438,511	385,157	97,381,789	178,571,220	1,754,359,107
Additions	149,673,040	49,745,432	-	-	19,233,944	-	218,652,416
Reclassifications	75,545,534	12,182,805	-	-	(87,746,288)	-	(17,949)
Balance, December 31, 2025	1,307,161,418	450,567,823	7,438,511	385,157	28,869,445	178,571,220	1,972,993,574
Accumulated Depreciation							
Balance, January 1, 2024	674,811,022	391,968,329	7,438,511	385,157	-	42,686,345	1,117,289,364
Depreciation during the year	24,074,556	10,258,760	-	-	-	8,537,269	42,870,585
Disposals	(3,921,696)	(34,420,455)	-	-	-	-	(38,342,151)
Reclassification	3,672,175	(3,672,175)	-	-	-	-	-
Balance, December 31, 2024	698,636,057	364,134,459	7,438,511	385,157	-	51,223,614	1,121,817,798
Depreciation during the year	38,184,630	8,617,291	-	-	-	8,537,269	55,339,190
Balance, December 31, 2025	736,820,687	372,751,750	7,438,511	385,157	-	59,760,883	1,177,156,988
Carrying Amount							
December 31, 2024	P383,306,787	P24,505,127	P -	P -	P97,381,789	P127,347,606	P632,541,309
December 31, 2025	P570,340,731	P77,816,073	P -	P -	P28,869,445	P118,810,337	P795,836,586

CIP pertains to the ongoing renovation of the Company's property.

Cash outflows for additions to property and equipment amounted to P130,333,905 and P120,220,445 in 2025 and 2024, respectively.

The Company has obtained the services of an independent appraiser to determine the fair value of its property and equipment which primarily consists of hotel assets.

Valuation Techniques and Significant Unobservable Inputs

The fair value of property and equipment was arrived at using the Income Approach. The aforementioned approach is a method used to derive a value indication for an income producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished by discounted cash flow analysis. The Discounted Cash Flow Analysis involves the projection of a series of periodic cash flows to a business. Periodic cash flow is typically estimated as gross income less vacancy and collection losses and less operating expenses/outgoings. The series of net incomes, along with an estimate of reversion/terminal value, anticipated at the end of the projection period, is then discounted. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used (Note 3).

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent the independent appraiser's assessment of future trends in the relevant industry.

Gross Revenue. Gross revenues of the Company over the next ten (10) years are projected to grow in line with the economy. This assumes that the market share of the Company will be flat on the assumption that it will also grow at par with the economy.

Operating Expenses. Operating expenses are projected to increase at a single-digit growth rate and at a slower pace than revenue.

Discount Rate. The Company uses the weighted-average cost of capital as the discount rate. In determining the appropriate discount rate, regard has been given to various market information, including but not limited to, 10-year government bond yield, bank lending rates, market premium. The discount rate used is 9.50% in 2025 and 10.63% in 2024.

Terminal Value Rate. The Company used 10% terminal rate to estimate the value of the asset at the end of the explicit projection period in 2025 and 2024.

No impairment loss was recognized in 2025, 2024 and 2023. Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change for the estimated recoverable amount to be equal to the carrying amount.

	Change Required for Carrying Amount to Equal Recoverable Amount in 2025
Discount rate	1.13%
Terminal value rate	1.83%

Change Required for
Carrying Amount to Equal
Recoverable Amount in 2024

Discount rate	0.63%
Terminal value rate	1.14%

11. Other Noncurrent Assets

This account consists of:

	<i>Note</i>	2025	2024
Lease deposit	14, 20, 25	P78,000,000	P78,000,000
Advances to suppliers		12,404,620	12,088,428
Miscellaneous deposits		8,582,718	8,582,718
Others		1,010,000	1,010,000
		P99,997,338	P99,681,146

Advances to suppliers pertain to the cash advances made for the renovation of the Company's property.

Miscellaneous deposits consist of utility deposits to various service providers.

12. Accounts Payable and Accrued Expenses

This account consists of:

	<i>Note</i>	2025	2024
Trade		P99,158,046	P100,616,678
Accrued rent	14, 20	12,366,326	5,642,533
Accrued other liabilities		9,623,226	6,464,474
Accrued payroll		8,770,624	9,034,124
Accrued utilities		4,710,690	4,544,316
	25	P134,628,912	P126,302,125

Trade payables have normal terms of 30 to 45 days.

Accrued other liabilities consists of dues and subscriptions, credit card commission, insurance, maintenance, professional fee, commissions and other accrued expenses.

The Company's exposure to liquidity risk related to trade and other payables is discussed in Note 25.

13. Other Current Liabilities

This account consists of:

	<i>Note</i>	2025	2024
Output VAT payable		P31,411,286	P36,309,433
Payable to government agencies		7,289,227	7,246,204
Payable to employees		6,129,142	6,007,318
Deposits for utilities		5,184,148	5,184,148
Customer credit balance		4,031,563	2,111,651
Others		1,591,620	2,092,362
	25	P55,636,986	P58,951,116

Payable to employees pertains to unpaid service charges due to the Company's employees paid within 30 days.

The customer credit balance refers to the guest's advance payment as well as any overpayment intended for future transaction application. These are generally recognized as revenue within 30 days upon cash receipt.

Others are payable to hotel car and other concessionaires for their services to hotel guests and rewards redemption payable that are individually immaterial.

14. Related Party Transactions

In the normal course of business, the Company has transactions with its related parties. These transactions and account balances as at December 31 are as follows:

Category/Transaction	Year	Note	Amount of the Transaction	Outstanding Balance		Terms	Conditions
				Amounts Owed by Related Parties	Amounts Owed to Related Parties		
Intermediary Parent							
▪ Advances	2025	14a	P -	P -	P11,069,310	Due and demandable; non interest bearing	Unsecured
	2024		-	-	16,557,455		
	2023		-	-	7,523,008		
Immediate Parent							
▪ Advances	2025	14a	399,486	10,947,444	-	Due and demandable; non interest bearing	Unsecured; no impairment
	2024		658,233	10,547,958	-		
	2023		45,336	8,916,881	-		
Associate							
▪ Lease deposit	2025	11, 20	-	78,000,000	-	Required lease deposit on the leased land	Collectable upon termination of the contract
	2024		-	78,000,000	-		
	2023		-	78,000,000	-		
▪ Interest income	2025	14b, 20	3,900,000	-	-	5% per annum of the lease deposit	Unsecured; no impairment
	2024		3,900,000	-	-		
	2023		3,900,000	1,950,000	-		
▪ Accrued rent	2025	12, 20	17,797,608	-	12,366,326	Due and demandable	Unsecured
	2024		17,797,608	-	5,642,533		
	2023		17,797,608	-	9,521,720		
▪ Rent income	2025	14e	180,000	-	-	Due and demandable; non interest bearing	Unsecured; no impairment
	2024		180,000	-	-		
	2023		180,000	90,000	-		
Under Common Control							
▪ Management and incentive fees	2025	14d, 17	15,003,978	-	83,011,737	Due and demandable; non interest bearing	Unsecured
	2024		14,474,322	-	70,173,619		
	2023		13,134,218	-	56,133,527		
▪ Loan	2025	9, 14c	-	15,500,000	-	Due and demandable; interest bearing	Unsecured; no impairment
	2024		-	15,500,000	-		
	2023		-	15,500,000	-		
▪ Interest income	2025	9, 14c	775,000	2,419,472	-	5% per annum of the loan receivable	Unsecured; no impairment
	2024		775,000	761,780	-		
	2023		775,000	387,500	-		
▪ Rent income	2025	14e	420,000	-	-	Due and demandable; non interest bearing	Unsecured; no impairment
	2024		420,000	400,000	-		
	2023		420,000	60,000	-		
Key Management Personnel of the Entity							
▪ Short term employee benefits	2025	14f	19,864,670	-	-		
	2024		19,368,526	-	-		
	2023		18,825,848	-	-		
TOTAL	2025			P106,866,916	P106,447,373		
TOTAL	2024			P105,209,738	P92,373,607		
TOTAL	2023			P104,904,381	P73,178,255		

Amounts owed by related parties is included in the following accounts:

	Note	2025	2024
Loan receivable	9	P15,500,000	P15,500,000
Due from related parties		13,366,916	11,709,738
Other noncurrent assets	11, 20	78,000,000	78,000,000
		P106,866,916	P105,209,738

Amounts owed to related parties is included in the following accounts:

	Note	2025	2024
Due to related parties		P94,081,047	P86,731,074
Under accounts payable and accrued expenses:			
Accrued rent	12	12,366,326	5,642,533
		P106,447,373	P92,373,607

- a. The Company grants/obtains advances to/from related parties for working capital purposes. These advances are non-interest bearing, unsecured and receivable/payable on demand.
- b. The interest receivable from HLC, an associate, represents the uncollected interest on the lease deposit of the Company to HLC at 5% a year (Note 20). The related annual interest income amounted to P3,900,000.
- c. The interest receivable from RRC, an entity under common control, represents the uncollected interest on the loan granted by the Company to RRC at 5% per annum (Note 9). The related annual interest income amounted to P775,000.
- d. The Company has a Management Agreement with Elite Hotel Management Services Pte. Ltd - Philippine Company (Elite), an entity under common control, under which the latter provides management, technical and administrative services. In return, the Company pays monthly basic management and incentive fees based on a percentage of the hotel's revenue (2%) and gross operating profit (7%), respectively, starting April 2011. The agreement was last renewed on January 1, 2022 and is effective until December 31, 2027.
- e. The rent income from HLC, RRC and Elite represents the sub-leased portion of an office space consisting of 30 square meters, 25 square meters and 65 square meters, respectively, located at the Hotel. The lease covers a period of 2.5 years until December 31, 2016, and was renewed for another three (3) years until December 31, 2019 which was then continuously renewed. The said agreements were renewed for another one (1) year from January 1 until December 31, 2025, which was then subsequently renewed from January 1 until December 31, 2026. The Company leases the land occupied by the Hotel from HLC (Note 20).
- f. Transactions with Key Management Personnel.

The total remuneration of key management personnel in the form of short-term employee benefits is shown below:

	2025	2024	2023
Executive officers	P12,370,008	P11,841,422	P11,156,199
Directors of hotel operations	7,494,662	7,527,104	7,669,649
	P19,864,670	P19,368,526	P18,825,848

The compensation and benefits of one of key management personnel are paid by Millennium & Copthorne Hotels (M&C), the Parent Company's intermediary parent.

The Company does not provide post-employment and equity-based compensation benefits to its BOD and expatriates.

Amounts owned by and to related parties are normally settled in cash. As at December 31, 2025 and 2024, the Company determined that amounts owed by related parties are fully recoverable, hence, no impairment loss has been recognized.

15. Payroll and Employee Benefits

This account consists of:

	2025	2024	2023
Rooms	P40,512,897	P36,881,720	P30,963,233
Food and Beverage	39,869,282	35,209,237	33,621,756
Hotel overhead departments:			
Administrative and general	40,625,057	38,278,233	33,240,057
Engineering	13,206,612	11,955,555	12,235,221
Sales and marketing	12,605,903	12,022,226	12,730,590
Human resources	2,089,543	3,894,913	3,527,435
Other operating departments	462,089	397,117	481,106
	P149,371,383	P138,639,001	P126,799,398

Payroll and employees benefits charged in the statements of profit or loss were allocated as follows:

	<i>Note</i>	2025	2024	2023
Cost of sales and services	16	P80,844,268	P72,488,075	P65,066,094
Administrative expenses	17	68,527,115	66,150,926	61,733,304
		P149,371,383	P138,639,001	P126,799,398

Payroll and employee benefits charged to cost of sales and services are recorded under "Rooms", "Food and Beverage" and "Other Operating Departments".

16. Cost of Sales and Services

This account consists of:

	Note	2025	2024	2023
Payroll and employee benefits	15	P80,844,268	P72,488,075	P65,066,094
Food and beverage	6	52,578,247	53,099,520	43,256,954
Guest supplies	6	11,506,938	10,368,462	8,585,335
Commission		8,221,198	10,640,544	8,360,526
Online selling and marketing tools		5,336,986	7,545,074	6,994,052
Operating supplies	6	5,079,664	4,631,730	7,711,159
Banquet expense		4,091,416	3,078,663	2,972,071
Kitchen fuel	6	2,492,444	2,437,719	1,987,859
Printing and stationery		1,847,035	1,711,716	1,915,816
Transport charges		1,837,108	2,054,872	3,059,921
Housekeeping expenses		1,164,588	1,502,801	1,550,485
Music and entertainment		1,073,552	1,145,037	994,506
Laundry and dry cleaning		769,719	871,223	565,777
Cleaning supplies	6	598,595	751,468	760,912
Miscellaneous		9,216,152	5,780,804	4,153,487
		P186,657,910	P178,107,708	P157,934,954

17. Administrative Expenses

This account consists of:

	<i>Note</i>	2025	2024	2023
Hotel Overhead				
Departments				
Payroll and employee benefits	15	P68,527,115	P66,150,926	P61,733,304
Management and incentives fees	14	15,003,978	14,474,322	13,134,218
Data processing		7,988,834	5,590,150	5,198,450
Credit card and commission		5,776,807	6,377,942	4,998,871
Advertising		5,460,644	5,548,071	3,514,326
Telecommunications		3,510,450	2,823,745	2,652,951
Dues and subscription		3,484,227	4,447,096	4,810,440
Awards and social activities		2,015,003	2,180,226	1,745,876
Entertainment		511,996	479,800	581,287
Miscellaneous		4,312,342	5,940,520	5,099,615
		116,591,396	114,012,798	103,469,338
Corporate Office				
Depreciation	10	55,339,190	42,870,585	37,489,676
Professional fees		17,595,572	5,227,710	8,378,717
Insurance		14,957,814	19,428,149	9,219,124
Property tax		10,295,361	9,780,601	9,651,911
Corporate office payroll and related expense		3,072,959	3,163,235	3,079,450
Taxes and licenses		3,050,925	2,213,268	1,803,244
Director's fees/allowances		488,933	727,867	799,600
Office supplies		197,102	845,667	713,030
Transportation and travel		69,574	7,449	60,963
Miscellaneous		3,260,412	2,477,511	2,881,825
		108,327,842	86,742,042	74,077,540
Power light and water		88,707,297	81,596,525	84,505,670
Property operations and maintenance		16,948,562	15,464,291	13,762,487
		P330,575,097	P297,815,656	P275,815,035

Miscellaneous expense under "Corporate Office" includes provision (reversal) for impairment losses on receivables (Note 5).

18. Earnings Per Share

Basic and diluted EPS is computed as follows:

	Note	2025	2024	2023
Weighted average number of common shares:				
Balance at beginning and end of year	24	53,717,369	53,717,369	53,717,369
	Note	2025	2024	2023
Net income for the year		P8,763,717	P60,880,079	P30,863,382
Divided by weighted average number of outstanding shares	24	53,717,369	53,717,369	53,717,369
		P0.16	P1.13	P0.57

There are no potential dilutive common shares in the years presented.

19. Refundable Deposits

This account consists of:

	Note	2025	2024
PAGCOR	25	P25,349,438	P25,349,438
Goldwinphil Inc.	20	-	71,777,410
Others		2,577,905	5,965,452
	20	27,927,343	103,092,300
Less: Current portion		27,927,343	103,092,300
		P -	P -

The refundable deposit pertains to the deposit paid by the lessee to the Company as required in the lease agreement.

The refundable deposit from PAGCOR is not yet returned to PAGCOR due to the pending reconciliation of account between both parties (Note 5).

20. Leases

Company as Lessor

The Company leases certain portions of the Hotel premises under operating lease to third parties with options for extension/renewal upon mutual agreement of the parties. The leases include provisions for rental increment upon renewal of the contracts subject to renegotiations of both parties.

The lease agreements with the third parties required the latter to give the Company lease deposits which amounted to a total of P27,927,343 and P103,092,300 as at December 31, 2025 and 2024, respectively, and are shown as "Refundable deposits" in the statements of financial position (Note 19). Rent income amounted to P58,400,157, P101,082,790 and P74,280,488 in 2025, 2024 and 2023, respectively, and is included under Revenue in the statements of profit or loss.

On February 15, 2012, the BOD of PAGCOR decided not to renew the contract of lease which ended on July 10, 2013. Refundable deposit from PAGCOR amounting to P25,349,438 was not yet returned to the latter due to the pending reconciliation of account between both parties. The Company and PAGCOR have not yet reached an agreement as to the net amount of settlement due to each party (Note 5).

On August 23, 2022, the Company entered into a lease agreement with Goldwinphil Inc. (the “Lessee”) for the operation of a casino within the Hotel premises. The lease agreement covers an initial term of five years from August 23, 2022 to August 23, 2027, renewable upon mutual agreement of the parties. Under the terms of the agreement, the Lessee paid security and utility deposits totaling P88,998,980. On February 20, 2023, the Lessee obtained from the PAGCOR the license to operate within the leased premises and commenced commercial operations in February 2024.

On May 14, 2025, the lease agreement was terminated due to the financial condition of the Lessee. In settlement of its outstanding obligations to the Company, the Lessee assigned to the Company the remaining balance of the deposits under the lease agreement. In addition, the Lessee transferred and conveyed to the Company ownership and all rights pertaining to certain leasehold improvements, machinery, kitchen equipment, and furniture and fixtures.

The transferred assets were initially recognized at their fair value on the date of transfer, as determined by an independent appraisal using the cost approach in accordance with PFRS 13. The valuation was based on the current replacement cost of the assets, adjusted for physical deterioration and functional obsolescence. The fair value measurement was categorized within Level 3 of the fair value hierarchy due to the use of significant unobservable inputs, including estimates relating to replacement cost and depreciation and obsolescence factors (Note 3).

Accordingly, the Company recognized a gain on settlement amounting to P20,550,003, representing the excess of the aggregate consideration received, consisting of the applied deposits and the fair value of the transferred assets, over the carrying amount of the related receivable derecognized.

In 2025 and 2024, the Company has sub-leased portion of an office space consisting of 30 square meters, 25 square meters and 65 square meters, respectively, located at the Hotel to HLC, RRC and Elite (Note 14).

Contractual cashflows are as follows:

	2025	2024
Due within one year	P600,000	P600,000

Company as Lessee

The Company leases the land occupied by the Hotel from HLC, its associate, for a period of 25 years up to January 1, 2015. On August 1, 2004, the Company, as lessee, and HLC, as lessor, agreed to amend the Contract of Lease with Option to Purchase executed by the parties on November 12, 1991 covering the lease of the land. The amended contract provides for the following:

- a. Annual rental on the land of P10,678,560;
- b. Required lease deposit (shown as part of "Other noncurrent assets" in the statements of financial position) of P78,000,000 (Note 11); and
- c. Interest rate of 5% or P3,900,000 per annum on the lease deposit which the lessor is obligated to pay to the Company.

On August 11, 2014, the Company and HLC agreed to amend the original contract to increase the yearly rent from P10,678,560 to P17,797,608 and to renew the original lease for a further term of twenty-five (25) years.

The movements of lease liability follow:

	2025	2024
Beginning balance	P153,929,329	P158,924,117
Interest expense during the year	12,374,806	12,802,820
Payments made	(17,797,608)	(17,797,608)
Ending balance	P148,506,527	P153,929,329

Payments included in the statements of cash flows are as follows:

	2025	2024
Interest payment	P12,374,806	P12,802,820
Principal payment	5,422,802	4,994,788
	P17,797,608	P17,797,608

Lease liability included in the statements of financial position is as follows:

	2025	2024
Current	P5,887,493	P5,422,802
Noncurrent	142,619,034	148,506,527
	P148,506,527	P153,929,329

Contractual cash flows are as follows:

	2025	2024
Due within one year	P17,797,608	P17,797,608
After one year but not more than five years	71,190,432	71,190,432
More than five years	160,178,472	177,976,080
	P249,166,512	P266,964,120

As at December 31, 2025 and 2024, total accrued rent outstanding recorded under 'Accounts payable and accrued expenses' account in the statements of financial position amounted to P12,366,326 and P5,642,533, respectively (Note 12).

21. Retirement Cost

The Company has an unfunded, non-contributory, defined benefit retirement plan covering substantially all of its employees, except for its BOD and expatriates (Note 14). It provides a retirement benefit equal to eighty-six (86%) of monthly salary per year of services payable to an employee who retires at age of 60 with at least 5 years in service. Annual cost is determined using the projected unit credit method. The Company's latest valuation date is December 31, 2025.

The recognized liability representing the present value of the defined benefit obligation presented as "Retirement benefits liability" in the Company's statements of financial position amounted to P39,272,448 and P37,366,075 as at December 31, 2025 and 2024, respectively.

The movements in the present value of the defined benefit obligation are as follows:

	2025	2024
Balance at January 1	P37,366,075	P30,868,533
Included in Profit or Loss		
Current service cost	2,376,055	2,117,652
Interest cost	2,279,331	2,037,323
	4,655,386	4,154,975
Included in Other Comprehensive Income (OCI)		
Remeasurement losses (gains):		
Actuarial losses (gains) arising from:		
Experience adjustment	(120,453)	2,367,896
Financial assumptions	-	902,489
	(120,453)	3,270,385
Others		
Benefits paid	(2,628,560)	(927,818)
Balance at December 31	P39,272,448	P37,366,075

The amounts of retirement benefits cost which are included in "Payroll and employee benefits" under Cost of Sales and Services in the statements of profit or loss for the years ended December 31 are as follows:

	2025	2024	2023
Current service cost	P2,376,055	P2,117,652	P1,860,542
Interest cost	2,279,331	2,037,323	1,920,112
Retirement benefits cost	P4,655,386	P4,154,975	P3,780,654

The remeasurement gains on retirement liability, before deferred income taxes, recognized under “Other comprehensive income” in the statements of comprehensive income and statements of changes in equity are as follows:

	2025	2024	2023
Cumulative actuarial gains at the beginning of the year	P16,285,187	P19,555,572	P20,621,716
Actuarial gains (losses) arising from:			
Experience adjustment	120,453	(2,367,896)	(400,807)
Financial assumptions	-	(902,489)	(665,337)
Cumulative actuarial gain at the end of the year	P16,405,640	P16,285,187	P19,555,572

The remeasurement gains on retirement liability, net of deferred tax, amounted to P12,304,230, P12,213,890 and P14,666,679 as at December 31, 2025, 2024 and 2023, respectively, as presented in the statements of changes in equity.

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2025	2024	2023
Discount rate	6.10%	6.10%	6.60%
Future salary increases	2.00%	2.00%	2.00%

Assumptions regarding future mortality have been based on published statistics and mortality rates of the 1985 Unisex Annuity table.

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

2025	Increase	Decrease
Discount rate (1% movement)	(P1,721,765)	P1,901,725
Future salary increase rate (1% movement)	1,732,216	(1,591,574)
<hr/>		
2024	Increase	Decrease
Discount rate (1% movement)	(P1,762,813)	P1,944,004
Future salary increase rate (1% movement)	1,792,898	(1,652,877)

Although the analysis does not take into account the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown. The defined benefit plan exposes the Company to actuarial risks, such as longevity risk and interest rate risk.

The weighted-average duration of the defined benefit obligation is nine (9) years as at December 31, 2025 and 2024.

The maturity analysis of the benefit payments is as follows:

	2025				
	Carrying Amount	Contractual Cash Flows	1 - 5 Years	6 - 10 Years	More than 10 Years
Retirement benefits liability	P39,272,448	P104,983,522	P33,044,002	P17,350,228	P54,589,292

	2024				
	Carrying Amount	Contractual Cash Flows	1 - 5 Years	6 - 10 Years	More than 10 Years
Retirement benefits liability	P37,366,075	P95,987,752	P27,127,553	P24,664,711	P44,195,488

The Company is not required to pre-fund the future defined benefits payable under the Retirement Fund before they become due. However, in the event a benefit claim arises, the Company will be liable to pay its employees.

22. Income Tax

The components of the Company's income tax expense are as follows:

	2025	2024	2023
Current tax expense	P7,059,929	P11,767,272	P12,903,717
Deferred tax expense (benefit)	(3,084,200)	2,455,050	(3,109,537)
	P3,975,729	P14,222,322	P9,794,180

In 2025, the current tax arises from the MCIT.

The reconciliation of the income tax expense computed at statutory income tax rate to the income tax expense shown in profit or loss is as follows:

	2025	2024	2023
Income before income tax	P12,739,446	P75,102,401	P40,657,562
Income tax expense at statutory tax rate of 25%	P3,184,862	P18,775,600	P10,164,391
Additions to (reductions in) income tax resulting from the tax effects of:			
Unrecognized deferred tax assets on MCIT	3,778,129	-	-
Income subjected to final tax	(2,632,322)	(4,605,070)	(4,540,545)
Equity in net income of an associate	(354,940)	(445,650)	(415,690)
Nondeductible expenses	-	497,442	-
Remeasurement of previously recorded DTA	-	-	5,226,903
Application of NOLCO	-	-	(497,629)
Other nontaxable income	-	-	(143,250)
	P3,975,729	P14,222,322	P9,794,180

The components of the Company's deferred tax assets (liabilities) are as follows:

2025	Net Balance at January 1	Recognized in Profit or Loss	Recognized in OCI	Net Balance December 31	Deferred Tax Assets	Deferred Tax Liabilities
Retirement benefits liability	P13,596,716	P476,057	P -	P14,072,773	P14,072,773	P -
Excess of ROU asset over lease liability	6,645,432	770,147	-	7,415,579	7,415,579	-
Allowance for impairment loss on receivables	3,509,187	-	-	3,509,187	3,509,187	-
Remeasurement gain on retirement benefit liability	(4,071,297)	-	(30,113)	(4,101,410)	-	(4,101,410)
Unrealized foreign exchange gain	(2,807,084)	1,837,996	-	(969,088)	-	(969,088)
Net tax assets and liabilities	P16,872,954	P3,084,200	(P30,113)	P19,927,041	P24,997,539	(P5,070,498)

2024	Net Balance at January 1	Recognized in Profit or Loss	Recognized in OCI	Net Balance December 31	Deferred Tax Assets	Deferred Tax Liabilities
Retirement benefits liability	P12,820,577	P776,139	P -	P13,596,716	P13,596,716	P -
Excess of ROU asset over lease liability	5,759,812	885,620	-	6,645,432	6,645,432	-
Allowance for impairment loss on receivables	3,596,931	(87,744)	-	3,509,187	3,509,187	-
Remeasurement gain on retirement benefit liability	(4,888,893)	-	817,596	(4,071,297)	-	(4,071,297)
Unrealized foreign exchange gain	1,221,981	(4,029,065)	-	(2,807,084)	-	(2,807,084)
Net tax assets and liabilities	P18,510,408	(P2,455,050)	P817,596	P16,872,954	P23,751,335	(P6,878,381)

Realization of future tax benefit related to deferred tax assets is dependent on the Company's ability to generate future taxable income during the periods in which these are expected to be recovered. The Company has considered these factors in reaching a conclusion not to recognize deferred tax asset on MCIT and NOLCO since it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

Details of the Company's excess MCIT over RCIT which are available for offset against future income tax liabilities are as follows:

Year Incurred	Amount	Expired/ Applied	Unexpired	Expiry Date
2025	P3,778,129	P -	P3,778,129	December 31, 2028
2022	2,021,008	(2,021,008)	-	December 31, 2025
2021	1,162,457	(1,162,457)	-	December 31, 2024
2020	2,099,250	(2,099,250)	-	December 31, 2023
	P9,060,844	(P5,282,715)	P3,778,129	

23. Retained Earnings

Retained earnings are restricted from being declared and issued as dividend in relation to the treasury shares amounting to P1,680,020,370.

24. Share Capital

a. Capital Stock

	2025	2024
Authorized - 115,000,000 shares at P10 par value shares:		
Issued	87,318,270	87,318,270
Less treasury stock	33,600,901	33,600,901
Total issued and outstanding	53,717,369	53,717,369

b. Additional Paid-in Capital

As at December 31, 2025 and 2024, the Company's additional paid-in capital amounted to P14,657,517.

c. Treasury Stock

As at December 31, 2025 and 2024, the Company's treasury stock consists of 33,600,901 shares of stock.

25. Financial Risk and Capital Management Objectives and Policies

The Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks, and the Company's management of capital.

The main purpose of the Company's dealings in financial instruments is to fund its operations and capital expenditures.

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. The BOD, through the Executive Committee, is responsible for developing and monitoring the Company's risk management policies. The committee identifies all issues affecting the operations of the Company and reports regularly to the BOD on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. All risks faced by the Company are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Company's operations and detriment forecasted results. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee assists the BOD in fulfilling its oversight responsibility of the Company's corporate governance process relating to the: a) quality and integrity of the Company's financial statements and financial reporting process and the Company's systems of internal accounting and financial controls; b) performance of the internal auditors; c) annual independent audit of the Company's financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance by the Company with legal and regulatory requirements, including the Company's disclosure control and procedures; e) evaluation of management's process to assess and manage the Company's enterprise risk issues; and f) fulfillment of the other responsibilities set out by the BOD. The Audit Committee also prepares the reports required to be included in the Company's annual report.

Credit Risk

Credit risk represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations. The Company's credit risk arises principally from the Company's trade receivables.

Exposure to credit risk is monitored on an ongoing basis. Credit checks are being performed on all clients requesting credit over certain amounts. Credit is not extended beyond authorized limits, established where appropriate through consultation with a professional credit vetting organization. Credit granted is subject to regular review, to ensure it remains consistent with the clients' current credit worthiness and appropriate to the anticipated volume of business.

The investment of the Company's cash resources is managed so as to minimize risk while seeking to enhance yield. The Company's holding of cash and money market placements exposes the Company to credit risk of the counterparty if the counterparty is unwilling or unable to fulfill its obligations and the Company consequently suffers financial loss. Credit risk management involves entering into financial transactions only with counterparties with acceptable credit rating. The treasury policy sets aggregate credit limits of any one counterparty and management annually reviews the exposure limits and credit ratings of the counterparties.

Receivable balance is being monitored on a regular basis to ensure timely execution of necessary intervention efforts.

The carrying amount of financial assets as of December 31, 2025 and 2024 represents the maximum credit exposure. The maximum exposure to credit risk at the reporting dates is as follows:

	Note	2025	2024
Cash and cash equivalents*	4	P287,362,415	P450,744,474
Receivables - net**	5, 14	112,040,520	204,386,799
Lease deposit	11	78,000,000	78,000,000
Loan receivable	14	15,500,000	15,500,000
Due from related parties	14	13,366,916	11,709,738
		P506,269,851	P760,341,011

*Excluding cash on hand of P1,265,048 and P1,724,640 as at December 31, 2025 and 2024, respectively.

**Excluding advances to employees of P850,871 and P547,908 as at December 31, 2025 and 2024, respectively.

Details of trade receivables as at December 31 by type of customer are as follows:

	Note	2025	2024
Corporations		P32,820,818	P78,365,618
Embassy and government		23,592,070	37,355,404
Credit cards		14,781,465	12,160,535
Airlines		7,036,788	2,880,997
Travel agencies		4,142,838	366,520
Others		1,221,744	28,665,773
	5	83,595,723	159,794,847
Less allowance for impairment losses on trade receivables - charge customers	5	14,036,747	14,036,747
		P69,558,976	P145,758,100

Others include unallocated accounts pending classification to its proper type of customers as at December 31, 2025 and 2024.

The aging of trade receivables as at December 31 is as follows:

	2025			2024		
	Gross Amount	Impairment	Carrying Amount	Gross Amount	Impairment	Carrying Amount
Current	P22,042,554	P -	P22,042,554	P49,069,334	P -	P49,069,334
Over 30 days	2,255,125	-	2,255,125	14,853,322	-	14,853,322
Over 60 days	2,232,483	-	2,232,483	11,385,736	-	11,385,736
Over 90 days	57,065,561	(14,036,747)	43,028,814	84,486,455	(14,036,747)	70,449,708
	P83,595,723	(P14,036,747)	P69,558,976	P159,794,847	(P14,036,747)	P145,758,100

As at December 31, 2025 and 2024, receivables from PAGCOR included under Embassy and government amounted to P23,591,640, which management assess, are still collectable. In addition, any amount outstanding from PAGCOR can be offset against the deposit received from it as discussed in Notes 19 and 20.

The table below shows the credit quality of the Company's financial assets based on its historical experience with the corresponding debtors.

	As at December 31, 2025			
	Grade A	Grade B	Grade C	Total
Cash in banks and cash equivalents	P287,362,415	P -	P -	P287,362,415
Receivables	44,237,447	-	15,766,636	60,004,083
Loan receivable	15,500,000	-	-	15,500,000
Due from related parties	13,366,916	-	-	13,366,916
Lease deposit	78,000,000	-	-	78,000,000
	P438,466,778	P -	P15,766,636	P454,233,414

	As at December 31, 2024			
	Grade A	Grade B	Grade C	Total
Cash in banks and cash equivalents	P450,744,474	P -	P -	P450,744,474
Receivables	69,467,469	-	66,735,738	136,203,207
Loan receivable	15,500,000	-	-	15,500,000
Due from related parties	11,709,738	-	-	11,709,738
Lease deposit	78,000,000	-	-	78,000,000
	P625,421,681	P -	P66,735,738	P692,157,419

Cash in banks and cash equivalents are considered of good quality as these pertain to deposits in reputable banks. Lease deposit is also considered of good quality since this is transacted with counterparty that is capable of paying the lease deposit once due. Grade A receivables pertain to those receivables from customers that always pay on time or even before the maturity date. Grade B includes receivables that are collected on their due dates provided that they were reminded or followed up by the Company. Those receivables which are collected consistently beyond their due dates and require persistent effort from the Company are included under Grade C.

Estimating ECL

The table below presents the Company's exposure to credit risk and shows the credit quality of the financial assets. Assets that are credit-impaired are separately presented.

December 31, 2025	Gross Amount	ECL	Carrying Amount
Cash in banks and cash equivalents	P287,362,415	P -	P287,362,415
Receivables	112,891,091	(14,036,747)	98,854,344
Loan receivable	15,500,000	-	15,500,000
Due from related parties	13,366,916	-	13,366,916
Lease deposit	78,000,000	-	78,000,000
	P507,120,422	(P14,036,747)	P493,083,675

December 31, 2024	Gross Amount	ECL	Carrying Amount
Cash in banks and cash equivalents	P450,744,474	P -	P450,744,474
Receivables	204,934,707	(14,036,747)	190,897,960
Loan receivable	15,500,000	-	15,500,000
Due from related parties	11,709,738	-	11,709,738
Lease deposit	78,000,000	-	78,000,000
	P760,888,919	(P14,036,747)	P746,852,172

Impairment on cash has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash has low credit risk based on the external credit ratings of the counter parties.

The Company computes impairment loss on receivables based on past collection experiences, current circumstances and the impact of future economic conditions, if any, available at the reporting period. Loss rates are based on actual credit loss experience. Any adjustments to the loss rates for forecasts of future economic conditions are not expected to be material. The Company applies the simplified approach in providing for ECL, which permits the use of the lifetime expected loss provision and applies a provision matrix.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility in operations. 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 requirements.

The Company's total current liabilities as at December 31, 2025 and 2024 amounted to P318,161,781 and P380,499,417, respectively, which are less than its total current assets of P545,132,441 and P769,482,457, respectively. Thus, the Company has sufficient funds to pay for its current liabilities and has minimal liquidity risk. Maturity analysis of lease liability is disclosed in Note 20.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is subject to various market risks, including risks from changes in room rates, interest rates and currency exchange rates.

Room Rates

The risk from room rate changes relates to the Company's ability to recover higher operating costs through price increases to customers, which may be limited due to the competitive pricing environment that exists in the Philippine hotel industry and the willingness of customers to avail of hotel rooms at higher prices.

The Company minimizes its exposure to risks in changes in room rates by signing contracts with short period of expiry to give the Company the flexibility to adjust its room rates in accordance to market conditions. Also, there are minimal changes in room rates in the hotel industry.

Interest Rate Risk

The Company has no interest-bearing debt obligations to third parties and its receivables are subject to fixed interest rates. As such, the Company has minimal interest rate risk.

Foreign Currency Risk

The Company is mainly exposed to foreign currency risk on its cash and cash equivalents that are denominated in a currency other than the Company's functional currency which is the PHP. The currency giving rise to this risk is the United States dollar (US\$). The Company ensures that its exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

As at December 31, 2025 and 2024, assets denominated in US\$ include cash in banks amounting to P7,487,507 (US\$127,425) and P10,101,379 (US\$174,252) respectively; short-term investments amounting to P221,919,963 (US\$3,776,718) and P258,325,361 (US\$4,456,190), respectively.

In translating foreign currency-denominated monetary assets into PHP amounts, the exchange rates used were P58.76 and P57.97 to US\$1 as at December 31, 2025 and 2024, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the PHP to US\$ exchange rates, with all other variables held constant, of the Company's income before tax. There is no other impact on the Company's equity other than those already affecting profit or loss.

	Increase (Decrease) in US\$ Exchange Rate	Effect on Income before Income Tax	Effect on Equity after Income Tax
2025	10% (10%)	P23,322,802 (23,322,802)	P17,492,102 (17,492,102)
2024	10% (10%)	27,292,537 (27,292,537)	20,469,403 (20,469,403)

The increase in US\$ rate means stronger US\$ against Php while the decrease in US\$ means stronger Php against the US\$.

Fair Values

The fair values together with the carrying amounts of the financial assets and financial liabilities shown in the statements of financial position are as follows:

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents*	P287,362,415	P287,362,415	P450,744,474	P450,744,474
Receivables - net**	112,040,520	112,040,520	204,386,799	204,386,799
Loan receivable	15,500,000	15,500,000	15,500,000	15,500,000
Due from related parties	13,366,916	13,366,916	11,709,738	11,709,738
Lease deposit	78,000,000	78,000,000	78,000,000	78,000,000
Lease liabilities	148,506,527	148,506,527	153,929,329	153,929,329
Accounts payable and accrued expenses	134,628,912	134,628,912	126,302,125	126,302,125
Due to related parties	94,081,047	94,081,047	86,731,074	86,731,074
Refundable deposits	27,927,343	27,927,343	103,092,300	103,092,300
Other current liabilities***	16,936,473	16,936,473	15,395,479	15,395,479

* Excluding cash on hand of P1,265,048 and P1,724,640 as at December 31, 2025 and 2024, respectively.

** Excluding advances to employees of P850,571 and P547,908 as at December 31, 2025 and 2024, respectively.

*** Excluding payables to government agencies and Output VAT Payable of P38,700,513 and P43,555,637 as at December 31, 2025 and 2024, respectively.

Estimation of Fair Values

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table:

Cash and Cash Equivalents

The carrying amount of cash and cash equivalents approximates its fair value due to the short-term nature of this asset.

Receivables - net, Loan Receivable, Accounts Payable and Accrued Expenses, Due from/to Related Parties, Refundable Deposits, Other Current Liabilities Except for Output VAT Liability and Other Statutory Payables, Lease Liability - Current Portion

Current receivables are reported at their NRV, at total amounts less allowances for estimated uncollectable accounts. Current liabilities are reported at amounts reasonably expected to be paid within the next twelve months or within the Company's operating cycle. Due from/to related parties and loan receivable are payable on demand.

Lease Deposit

The lease deposit is interest-bearing and its carrying amount approximates its fair value as the impact of discounting using the applicable discount rates based on current market rates of identical or similar quoted instruments is immaterial.

Capital Management

The Company's objectives when managing capital are to increase the value of shareholders' investment and maintain high growth by applying free cash flow to selective investments. The Company sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The Chief Financial Officer has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry. The Company monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses, income tax payable, due to related parties, other current liabilities, refundable deposits and retirement benefits liability. Total equity comprises mainly of the capital stock, additional paid-in capital and retained earnings.

There were no changes in the Company's approach to capital management during the year.

As at December 31, 2025 and 2024, the Company is compliant with the minimum public float requirement of the SEC.

The Company has 115,000,000 shares registered with the SEC on August 9, 1989, the effective date of registration statement. The registered shares with the SEC remain the same as at December 31, 2025 and 2024. The original issue/offer price was P10.00 per share. There were no additional shares registered with the SEC as at December 31, 2025 and 2024.

Based on the PSE website, the Company's traded price per share was P5.80 and P5.91 as at December 31, 2025 and 2024, respectively. The total number of shareholders was 16,857 and 16,738 as at December 31, 2025 and 2024, respectively.

26. Supplementary Information Required by Bureau of Internal Revenue (BIR)

In addition to the disclosures mandated under PFRS Accounting Standards, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRS Accounting Standards. Following are the tax information/disclosures required for the taxable year ended December 31, 2025:

Based on Revenue Regulations No. 15-2010**A. VAT**

1. Output VAT	P59,694,146
<hr/>	
Account title used	
Basis of the Output VAT:	
Vatable sales	P475,489,186
Sales to government	21,962,029
Zero rated sales	-
Exempt sales	5,138,773
	<hr/> P502,589,988 <hr/>
2. Input VAT	
Beginning of the year	P -
Input tax deferred on capital goods from previous period	343,439
Current year transactions:	
a. Domestic purchases of goods other than capital goods	26,966,855
b. Domestic purchases of services	4,481,648
c. Purchase of capital goods	22,154,086
Deductions from input tax	(21,054,347)
Total allowable Input VAT	<hr/> P32,891,681 <hr/>
Total VAT payable during the year	P26,802,465
Less: Applied input VAT and payments during the year	26,802,465
Balance at the end of the year	<hr/> P - <hr/>

B. Withholding Taxes

Tax on compensation and benefits	P13,219,003
Expanded withholding taxes	10,072,096
Final withholding taxes	1,488,335
	<hr/> P24,779,434 <hr/>

C. All Other Taxes (Local and National)

Other taxes paid during the year recognized under Administrative Expenses	
Real estate taxes	P10,295,361
License and permit fees	5,474,693
	<hr/> P15,770,054 <hr/>

D. Deficiency Tax Assessments and Tax Cases

BIR 2008 Tax Case

In 2013, the Company was involved in a tax case relating to taxable year 2008 which was elevated by the Commissioner of Internal Revenue (CIR) to the Philippine Supreme Court through a Petition for Review filed on March 8, 2021, seeking the reversal of the Decision of the Court of Tax Appeals (CTA) En Banc dated September 29, 2020.

On February 22, 2023, the Supreme Court denied the CIR's petition for lack of merit. The CIR subsequently filed a Motion for Reconsideration, which was likewise denied with finality by the Supreme Court pursuant to a Resolution received by the Company on October 22, 2025. The Supreme Court further ruled that no further pleadings shall be entertained in connection with the case.

BIR 2021 Tax Case

In 2023, the Company received a letter of authority (LOA) from the BIR covering taxable year 2021.

On January 5, 2026, the Company received the Preliminary Assessment Notice (PAN), in response to which the Company submitted its reconciliation and responses on January 20, 2026.

Following the receipt of the Formal Demand Letter (FDL) on March 19, 2026, the Company entered into a compromise settlement with the BIR on March 24, 2026.

BIR 2024 Tax case

On March 30, 2026, the Company received a LOA from the BIR covering taxable year 2024.

The Company submitted partial documentary requirements on May 7, 2026.

As at the report date, there have been no further developments or updates from the tax authorities regarding this matter.

Other than the matters discussed above, to the best knowledge and belief of management, neither the Company nor any of its affiliates and subsidiaries has been involved during the past five (5) years in any material legal proceedings before any court of law or administrative body in the Philippines or elsewhere, which may have, or have had, a material adverse effect on the Company, its affiliates and subsidiaries, or on any material portion of their properties.

R.G. Manabat & Co.



R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Grand Plaza Hotel Corporation
10th Floor, The Heritage Hotel Manila
EDSA corner Roxas Boulevard
Pasay City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Grand Plaza Hotel Corporation (the “Company”) as at December 31, 2025 and 2024 and for each of the years then ended December 31, 2025, included in this Form 17-A, and have issued our report thereon dated May 22, 2026.

Our audits were made for the purpose of forming an opinion on the basic financial statements of the Company taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Company’s management. Such additional components include:

- Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration
- Map of the Conglomerate
- Supplementary Schedules of Annex 68-J.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 until the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025, and Certificate of Accreditation issued on March 19, 2026, valid for five (5) years covering the audit of 2026 to 2030 financial statements
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029 financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

R.G. Manabat & Co.



This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'Anabella R. Resuello', written in a cursive style.

ANABELLA R. RESUELLO

Partner

CPA License No. 0125463

SEC Accreditation No. 125463-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements

Tax Identification No. 941-200-384

BIR Accreditation No. 08-001987-049-2025

Issued June 9, 2025; effectivity January 7, 2025; validity January 6, 2028

PTR No. MKT 10764409

Issued January 5, 2026 at Makati City

May 22, 2026

Makati City, Metro Manila

**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION**

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025

GRAND PLAZA HOTEL CORPORATION
10th Floor, The Heritage Hotel Manila, EDSA corner Roxas Boulevard,
Pasay City

Unappropriated Retained Earnings, beginning of the reporting period		P68,237,519
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	P -	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	-	
Retained Earnings appropriated during the reporting period	-	
Effects of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Unappropriated Retained Earnings, as adjusted		68,237,519
Add: Net Income for the current year		8,763,717
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	219,761	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized foreign exchange gain of Investment Property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Sub-total		219,761

Forward

Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	P -
Realized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Realized foreign exchange gain of Investment Property	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-
Sub-total	P -
Add: Category C.3: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
Reversal of previously recorded fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Reversal of previously recorded fair value gain of Investment Property	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-
Sub-total	-
Adjusted Net Income/Loss	8,543,956
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment (after tax)	-
Sub-total	-

Forward

Add/Less: Category E: Adjustment related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	P	-
Total amount of reporting relief granted during the year		-
Others (describe nature)		-
Sub-total		P -
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividend distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)		-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories		(476,057)
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set-up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable		(770,147)
Adjustment due to deviation from PFRS/GAAP - gain (loss)		-
Others (describe nature)		-
Sub-total		(1,246,204)
Total Retained Earnings, end of the reporting period available for dividend		P75,535,271

GRAND PLAZA HOTEL CORPORATION
SUPPLEMENTARY SCHEDULE OF
EXTERNAL AUDITOR FEE-RELATED INFORMATION

	December 31	
	2025	2024
Total Audit Fees	P1,332,500	P1,269,000
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Non-audit Fees	-	-
Total Audit and Non-audit Fees	P1,332,500	P1,269,000
Audit and Non-audit Fees of Other Related Entities		
Audit fees	P -	P -
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Audit and Non-audit Fees of Other Related Entities	P -	P -

R.G. Manabat & Co.



R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Grand Plaza Hotel Corporation
10th Floor, The Heritage Hotel Manila
EDSA corner Roxas Boulevard
Pasay City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Grand Plaza Hotel Corporation (the "Company") as at December 31, 2025 and 2024 and for each of the years then ended December 31, 2025, and have issued our report thereon dated May 22, 2026.

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 (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 until the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025, and Certificate of Accreditation issued on March 19, 2026, valid for five (5) years covering the audit of 2026 to 2030 financial statements
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029 financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

R.G. Manabat & Co.



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 PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2025 and 2024 and for each of the years then ended December 31, 2025 and no material exceptions were noted.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'Anabella R. Resuello', written over a faint, illegible background.

ANABELLA R. RESUELLO

Partner

CPA License No. 0125463

SEC Accreditation No. 125463-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements

Tax Identification No. 941-200-384

BIR Accreditation No. 08-001987-049-2025

Issued June 9, 2025; effectivity January 7, 2025; validity January 6, 2028

PTR No. MKT 10764409

Issued January 5, 2026 at Makati City

May 22, 2026

Makati City, Metro Manila

Annex 68-E

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS GRAND PLAZA HOTEL CORPORATION

As of December 31, 2025

Key Performance Indicators	FORMULA (Amount in Millions)		2025	2024
Current Ratio	Total Current Assets	545.13	1.71	2.02
	Divide by: Total Current Liabilities	318.16		
	Current Ratio	1.71		
Acid Test Ratio	Total Current Assets	545.13	1.31	1.76
	Less: Inventories	(7.96)		
	Other current assets	(120.83)		
	Quick Assets	416.34		
	Divide by: Total Current Liabilities	318.16		
Acid Test Ratio	1.31			
Debt to Equity Ratio	Total Liabilities	500.05	0.49	0.56
	Divide by: Stockholders Equity	1,011.28		
Asset to Equity Ratio	Total Assets	1,511.33	1.49	1.56
	Divide by: Stockholder's Equity	1,011.28		
Return on Equity	Net Income	9.00	0.89%	6.07%
	Total Equity	1,011.52		
Return on Asset	Net Income	8.76	0.57%	3.88%
	Divide by: Average Total Assets	1,540.07		
Profit before tax Margin Ratio	Profit Before Tax	12.74	2.53%	14.22%
	Divide by: Total Revenue	502.59		
EBITDA (Earnings before interest, tax, depreciation & amortization)	Profit Before Tax	12.74	P61.25 million	P94.92 million
	Add: Depreciation Expenses	55.34		
	Interest Expense	12.37		
	Less: Foreign Exchange Gain	2.58		
	Interest Income	15.20		
	Equity in Net Income of Associate	1.42		
	EBITDA	61.25		

Annex 68-J
SCHEDULES
GRAND PLAZA HOTEL CORPORATION
As of December 31, 2025

Schedule A. Financial Assets

Name of Issuing entity and association of each issue	Number of shares or principal amounts of bonds	Amount shown in balance sheet	Valued based on market quotation at end of reporting period	Income received and accrued
CASH ON HAND AND IN BANKS	P -	P66,348,728	P66,348,728	P68,144
SHORT TERM INVESTMENTS	-	222,278,735	222,278,735	10,461,145
RECEIVABLES - NET	-	98,854,344	98,854,344	-
LOAN RECEIVABLE	-	15,500,000	15,500,000	775,000
LEASE DEPOSIT	-	78,000,000	78,000,000	3,900,000

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than related parties)

Name and Designation of Debtor	Balance December 31, 2024	Additions	Amounts Collected	Amounts written off	Current	Noncurrent	Balance December 31, 2025
THE PHILIPPINE FUND LIMITED	P10,289,725	P276,695	P -	P -	P10,566,420	P -	P10,566,420
ROGO REALTY CORPORATION	761,780	1,657,692	-	-	2,419,472	-	2,419,472
ELITE HOTEL MANAGEMENT SERVICES PTE	658,233	-	658,233	-	-	-	-
TOTAL	P11,709,738	P1,934,387	P658,233	P -	P12,985,892	P -	P12,985,892

Schedule C. Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements

Name and Designation of debtor	Balance December 31, 2024	Additions	Amounts Collected	Amounts written off	Current	Noncurrent	Balance December 31, 2025
TOTAL	-	-	-	-	-	-	-

Schedule D. Long Term Debt

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Nothing to report			
TOTAL	-	-	-

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
<div data-bbox="642 450 1646 509" style="border: 1px solid black; padding: 5px; margin: 0 auto; width: 448px;">Nothing to report</div>		
TOTAL	-	-

Schedule F. Guarantees of Securities of Other Issuers

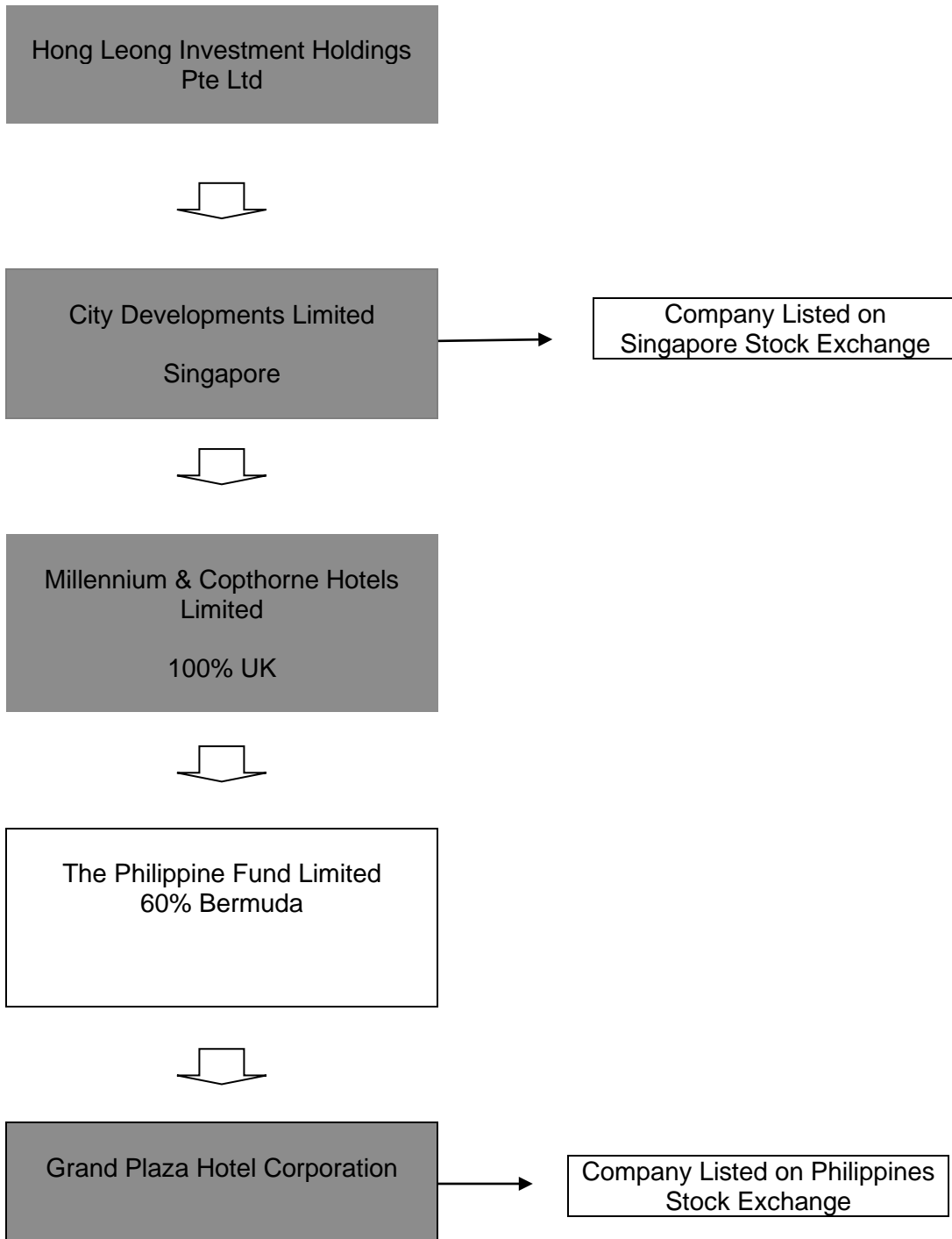
Name of Issuing entity of Securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of Guarantee
Nothing to report				

Schedule G. Capital Stock

Title of Issue	Number of shares authorized	No. of shares issued and outstanding	No. of shares reserved for options, warrants conversion and other right	Number of shares held by related parties	Directors, officers and employees	Name
Common	115,000,000	53,717,369	-	-	-	<div style="text-align: right; padding-right: 20px;"> 1 1 1 1 1 1 2,999 1,000 </div> <div style="text-align: left;"> Kwek Eik Sheng Bryan Cockrell Natividad Alejo Simeon Ken Ferrer Ricardo Pio Castro Wong Kok Ho Yam Kit Sung Arlene De Guzman The Philippine Fund Ltd. Zatrio PTE LTD **6,857,283 - owned by Public </div>
TOTAL	115,000,000	53,717,369	-	46,856,081	4,005	-

The Group Structure

The Philippine Fund Limited Group Structure



As at December 31, 2025

GRAND PLAZA HOTEL CORPORATION

R.G. Manabat & Co.

The KPMG Center, 6/F
6787 Ayala Avenue
Makati City 1209, Philippines

May 22, 2026

Gentlemen:

This representation letter is provided in connection with your audit of the financial statements of **Grand Plaza Hotel Corporation** (the "Company"), as at and for years ended December 31, 2025 and 2024, comprising the following: the statements of financial position as at December 31, 2025 and 2024, the related statements of comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2025 and the notes, comprising a summary of material accounting policies and other explanatory information, for the purpose of expressing an opinion as to whether these financial statements are presented fairly, in all material respects in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

We confirm that the representations we make in this letter are in accordance with the definitions set out in the Appendix to this letter.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated September 30, 2025 for the preparation and fair presentation of the financial statements in accordance with PFRS Accounting Standards.
2. The methods, the data, and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of PFRS Accounting Standards.
3. All events subsequent to the date of the financial statements and for which PFRS Accounting Standards are non-adjusting as of December 31, 2025 but require disclosure.

Receipt of Preliminary Assessment Notice for Taxable Year 2021 and Payment of Compromise Penalty

In 2023, the Company received a letter of authority (LOA) from the BIR covering taxable year 2021.

On January 5, 2026, the Company received the Preliminary Assessment Notice (PAN), in response to which the Company submitted its reconciliation and responses on January 20, 2026.

Following the receipt of the Formal Demand Letter (FDL) on March 19, 2026, the Company entered into a compromise settlement with the BIR on March 24, 2026.

Receipt of Letter of Authority (LOA) for Taxable Year 2024

On March 30, 2026, the Company received a LOA from the BIR covering taxable year 2024.

The Company submitted partial documentary requirements on May 7, 2026.

4. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. Details of the misstatements are provided in Appendix B.

Information Provided

5. We have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the consolidated financial statements, such as records, documentation and other matters. We have made available to you all books of account and supporting documentation and all minutes of meetings of shareholders and the board of directors, and when applicable, summaries of actions of meetings held after the end of the reporting period for which minutes have been prepared:

Type of Meeting	Date
Regular Meeting of Board of Directors	April 4, 2025
Audit Committee Meeting	
Corporate Governance Committee Meeting	
Regular Meeting of Board of Directors	May 6, 2025
Audit Committee Meeting	
Corporate Governance Committee Meeting	
Special Meeting of the Board of Directors	July 9, 2025
Organizational Meeting of the Board of Directors	
Annual Stockholders Meeting	
Regular Meeting of Board of Directors	August 5, 2025
Audit Committee Meeting	
Regular Meeting of Board of Directors	November 6, 2025
Audit Committee Meeting	March 2, 2026
Special Meeting of Board of Directors	

- additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the Company from whom you determined it necessary to obtain audit evidence.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. We confirm the following:
- i) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

- ii) We have disclosed to you all information in relation to that:

- a) There have been no instance of fraud or suspected fraud that we are aware of and that affects the Company and involves:
- management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- b) There have been no allegations of fraud, or suspected fraud, affecting the Company's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, we acknowledge our responsibility for such internal control as we determine necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, we acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

8. We have disclosed to you that there have been no known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements. Further, we have disclosed to you and have appropriately accounted for and/or disclosed in the financial statements in accordance with PFRS Accounting Standards all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
9. There have been no communications from regulatory agencies, governmental representatives, tax authorities, employees or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices or other matters that could have a material adverse effect on the financial statements.
10. We have disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which we are aware and all related party relationships and transactions have been appropriately accounted for and disclosed in accordance with PFRS Accounting Standards.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in Philippine Auditing Standard (PAS) 24, *Related Party Disclosures*.

11. The immediate parent of the Company is The Philippine Fund Limited (TPFL) owning 54%, a corporation organized in the Islands of Bermuda. The ultimate parent of the Company is Hong Leong Investment Holdings Pte Ltd., a corporation organized in Singapore. The Company's intermediary parents are Hong Leong Holdings Limited, City Developments Limited and Millennium & Copthorne Hotels Limited.
12. The Company has 40% ownership in Harbour Land Corporation (HLC) which is a corporation registered with the Philippine Securities and Exchange Commission and is engaged in the real estate business. We confirm that the equity in net income recognized in the statements of profit or loss is based on the unaudited figures of HLC.

13. We have made an assessment as to the Company's ability to continue as a going concern, taking into account all available information about the future, which under PAS 1, *Presentation of Financial Statements*, is at least, but is not limited to, twelve months from the end of the reporting period. We confirm that we are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Representations Regarding Management Intent and Plans, and Other Information that is Known Only to Management

14. All revenue transactions are final and there are no side agreements with customers. We are not aware of any material misstatement in the prior year financial statements that affects the comparative information.
15. There are no liens or encumbrances on the Company's assets.
16. There are no formal or informal compensating balance agreements with any of our cash and investment accounts.
17. We have no plans or intentions that may affect the carrying amount or classification of assets and liabilities.
18. The Company has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
19. The revenue recognition criteria have been applied to the separately identifiable components within a single transaction to reflect the substance of the transaction in accordance with PFRS 15, *Revenue from Contracts with Customers*.

Representations Regarding Title to Assets, Classification and Carrying Amount of Assets, and Impairment of Assets

20. The Company has satisfactory title to all assets.
21. We have identified each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item and depreciated each item separately in accordance with PAS 16, *Property, Plant and Equipment*.
22. We confirm that the property and equipment are measured at cost amount less accumulated depreciation and accumulated impairment losses, if any.
23. We confirm that that the Company ensures that its assets are measured at no more than their recoverable amount. PAS 36, *Impairment of Assets*, including the following:
- At the reporting date, we have performed impairment testing for any asset or Cash Generating Unit (CGU) for which there is an indication of a possible impairment at that date. In this regard, we confirm that we have appropriately assessed, at the reporting date, whether there is any indication that an asset or CGU may be impaired or that an impairment should be reversed;
 - Information provided to and used by management to determine the recoverable amount of property and equipment is consistent with the Company's planning and with the requirements of PAS 36 and PFRS 9, *Financial Instruments*;

- We have obtained the services of TopConsult, Inc., an independent appraiser, to determine the fair value of property and equipment. In connection with the specialist's study, we provided the specialist with all significant and relevant information of which we are aware. We did not give or cause any instructions to be given to the specialist with respect to the values or amounts derived in an attempt to bias their work and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialist.
- For measuring fair value less cost of disposal, we agree that the evaluation technique used by the appraiser, which is the Income approach. The market value using this approach is considered the highest and best use of property and equipment that is physically possible, legally permissible and financially feasible.
- We confirm that the following key assumptions used and judgements made by the independent appraiser are reasonable and represent the market condition:
 - i. Gross revenues of the Company over the next ten (10) years are projected to grow in line with the economy. This assumes that the market share of the Company will be flat on the assumption that it will also grow at par with the economy.
 - ii. Operating expenses are projected to increase at a single-digit growth rate and at a slower pace than revenue.
 - iii. The Company uses the weighted-average cost of capital as the discount rate. In determining the appropriate discount rate, regard has been given to various market information, including but not limited to, 10-year government bond yield, bank lending rates, market premium. The discount rate used is 9.50% in 2025.
 - iv. The Company used 10% terminal rate to estimate the value of the asset at the end of the explicit projection period.
- Market conditions that arise after the reporting date have been considered to determine whether they are adjusting or non-adjusting events for the purposes of determining either fair value less costs of disposal or value in use;
- We confirm that we have provided you with all relevant information relating to the impairment testing performed in accordance with PAS 36 and PFRS 9, including key assumptions used and judgments made.
- We confirm that there is no need to recognize impairment losses as at December 31, 2025. The Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The percentage change by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount is by 1.13% and 1.83% for the discount rate and terminal value rate, respectively.

Representations Regarding Leases

24. We have identified all leases where the Company is a lessee or a lessor, including having regard to the definition of a lease in PFRS 16: *Leases*, and accounted for them in accordance with PFRS 16.

On the basis of the process established by us, and having made appropriate enquiries, we are satisfied that the assumptions applied in determining the lease term, lease payments and discount rate are appropriate.

25. The Company has classified:

- cash payments for the principal portion of lease payments as financing activities;
- cash payments for the interest portion as financing activities consistent with the presentation of interest payments chosen by the Company; and
- short-term lease and payments for leases of low value assets as operating activities.

Financial Assets

26. We have assessed all financial assets, except those measured at fair value through profit or loss, to determine whether there is any objective evidence of impairment as a result of one or more loss events that occurred subsequent to their initial recognition, and any impairments identified have been recognised in the financial statements, as appropriate.
27. Receivables reported in the financial statements represent valid claims against debtors for sales or other charges arising on or before the reporting date and provisions have been made for losses that may be sustained on uncollectible receivables.

Representations Regarding Exposures to Risks Arising from Financial Instruments

28. We confirm that we have disclosed information relating to the Company's exposures to risks arising from financial instruments that is adequate to enable users to evaluate the nature and extent of those risks to which the Company is exposed at the end of the reporting period, in accordance with PFRS 9 including the exposures to risks and how they arise, our objectives, policies and procedures for managing the risks, the methods used to measure risks, and a summary of quantitative data about our exposure to risks. Further, the quantitative data disclosed are representative of the Company's exposure to risks arising from financial instruments during the period.
29. We confirm that there are no outflows of cash that could occur significantly earlier than indicated in the summary quantitative data about exposure to liquidity risk, or that could be for significantly different amounts from those included in that data.

Representations Regarding Fair Value of Financial Assets and Financial Liabilities

30. We believe the assumptions and techniques used by us are appropriate and that all fair value measurements are determined in accordance with PFRS 13, *Fair Value Measurement*.

In circumstances where the fair value of a financial asset or financial liability at initial recognition is different from the transaction price, we have immediately recognized a gain or loss equal to the difference in profit or loss if and only if the fair value measurement is evidenced by a quoted price in an active market for an identical asset or liability, or is based on a valuation technique that uses only data from observable markets.

If the fair value measurement at initial recognition does not meet either of these conditions, then the difference is deferred and subsequently recognized as a gain or loss only to the extent it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or the liability.

31. We have appropriately disclosed fair values of financial assets and financial liabilities in the financial statements in accordance with PFRS 13. We believe the disclosures appropriately categorise those fair value measurements in the fair value hierarchy.

32. We have disclosed the methods and assumptions applied in determining the fair values of each class of financial instrument.

Representations Relating to Post-Employment Benefits

33. We confirm that all post-employment benefit plans set out in the given schedule have been identified, properly classified and accounted for as defined benefit or defined contribution plans in accordance with PAS 19, *Employee Benefits*. There are no other plans.
34. On the basis of the process established by us, and having made appropriate inquiries, we are satisfied that the actuarial assumptions underlying the valuation of defined benefit obligation are consistent with our knowledge of the employee population profile.

We agree with the findings of Miravite Consulting Group as the Company's actuarial specialist in preparing the Company's December 31, 2025 actuarial valuation report for its pension plans. In connection with the actuarial specialist's study, we provided the specialist with all significant and relevant information of which we are aware of. We did not give or cause any instructions to be given to the actuarial specialist with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the actuarial specialist.

We further confirm that:

- all significant post-employment benefits, including any arrangements that are statutory, contractual or implicit in the employer's actions; arise in the Philippines; and are either funded or unfunded; have been identified and properly accounted for;
- all plan amendments, curtailments and settlements have been identified and properly accounted for; and
- all employee benefits for key management personnel are complete, accurate and disclosed adequately.

Representations Regarding Taxation Balances

35. Recognized deferred tax assets are measured at the tax rates enacted or substantively enacted at the end of the reporting period and represent those amounts that are probable of realization taking into account management's estimates of future taxable profit. In determining estimates of future taxable profit against which the deductible temporary differences, unused tax losses or unused tax credits can be utilized, management has considered the existence of taxable temporary differences that will reverse in the same period that deductible temporary differences will reverse and also has considered appropriate tax planning opportunities that the Company is more likely than not to take advantage of in order to generate future taxable profit.
36. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and its liabilities.
37. We have not received any advice or opinion that contradicts the Company's support for accounting for income taxes, that contradicts the financial statement amounts and presentation in respect of tax, or that is necessary to understand the Company's tax accrual and related matters and has not been disclosed to you.

Representation Regarding the Report on the Supplementary Information Required Under Revenue Regulations (RR) 15-2010 of the Bureau of Internal Revenue (BIR)

38. We have provided you access to all information of which we are aware of that is relevant to the preparation of supplementary information required by the Bureau of Internal Revenue (BIR) on the RR No. 15-2010, *Amending Certain Provisions of RR No. 21-2002, as Amended, Implementing Section 6 (H) of the Tax Code of 1997, Authorizing the Commissioner of Internal Revenue to Prescribe Additional Procedural and/or Documentary Requirements in Connection with the Preparation and Submission of Financial Statements.*

39. We confirm that the accuracy and completeness of the disclosures in respect of the supplementary information required under RR 15-2010 have been appropriately incorporated in the financial statements. Furthermore, all transactions on taxes and licenses have been extracted from the accounting records and disclosed as supplementary information in the notes to the financial statements.

Further, we confirm that the amounts relating to such supplementary information in Note 26 may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRS Accounting Standards and those amounts per tax returns that needs further reconciliation.

Other Representations

Functional Currency

40. We have considered which currency is the currency of the primary economic environment in which the Company operates ("functional currency"). In making this assessment, we have used our judgment to determine the functional currency that most faithfully represents the underlying transactions, events and conditions of the Company. We have concluded that the functional currency of the Company is Philippine peso because it is the currency of the primary economic environment in which the Company operates.

Representations Regarding Completeness of Information Provided in Respect of Key Judgments and Assumptions Made by Management

41. We confirm that we have provided you with all relevant information regarding the following:

- Our determination whether an agreement contains a lease;
- Our estimation of the allowance for impairment losses on receivables;
- Our estimation of the useful lives of property and equipment;
- Our estimation of the fair value of the assets received as non-cash consideration;
- Our estimation of the realizability of deferred tax assets;
- Our estimation of retirement benefit obligations;
- Our estimation of the allowance for impairment losses on non-financial assets; and
- Our estimation of provisions and contingencies

Representation Regarding the Financial Reporting Bulletin Issued by the Securities and Exchange Commission

42. We are fully aware of the provisions of the corporation code as to prohibition from retaining surplus profits in excess of one hundred (100%) percent of their paid-in capital stock supplemented by the Financial Reporting Bulletin No. 15 issued by the Securities and Exchange Commission.
43. Retained earnings are restricted from being declared and issued as dividend in relation to the treasury shares amounting to P1,680,020,370.

Representations Regarding Financial Statement

44. We confirm that the management engaged Yu Villar Tadeja and Co. to assist with or prepare the Company's financial statements which includes updating of the disclosed FS figures and narrative disclosures. We acknowledge that it is our ultimate responsibility to ensure fair presentation of the financial statements and its disclosure in accordance with PFRS Accounting Standards.

Output Value-Added Tax ("VAT") and Local Government Tax related to transactions with Philippine Amusement and Gaming Corporation ("PAGCOR")

45. The Output VAT case was terminated with finality in favor of the management. Therefore, the management has written off the AR PAGCOR - VAT and the related Output VAT Payable.

However, the receivable from PAGCOR pertaining to the local government tax is still pending recovery from PAGCOR, which the management believes is still collectable. In addition, the Company consistently sends demand letter for payment of the unsettled account.

BIR 2008 Tax Assessment

46. In 2013, the Company was involved in a tax case for the taxable year 2008 which was elevated by the Commissioner of Internal Revenue (CIR) to the Philippine Supreme Court via a Petition for Review filed on March 8, 2021, seeking to reverse the Decision of the Court of Tax Appeals (CTA) En Banc dated September 29, 2020.

On February 22, 2023, the Supreme Court denied the CIR's petition for lack of merit. The CIR subsequently filed a Motion for Reconsideration, which was likewise denied with finality by the Supreme Court in its Resolution which the Company received on October 22, 2025. The Supreme Court further ruled that no further pleadings shall be entertained.

BIR 2021 Tax Assessment

47. In 2023, the Company received a letter of authority (LOA) from the BIR for the taxable year 2021.

On January 5, 2026, the Company received the preliminary assessment notice and subsequently submitted its reconciliation and its responses on January 20, 2026.

The Company made compromise settlement on March 24, 2026, following the receipt of the formal demand letter on March 19, 2026.

The transferred assets were initially recognized at their fair value on the date of transfer, as determined by TopConsult, Inc., an independent appraiser, using the cost approach in accordance with PFRS 13. The valuation was based on the current replacement cost of the assets, adjusted for physical deterioration and functional obsolescence. The fair value measurement was categorized within Level 3 of the fair value hierarchy due to the use of significant unobservable inputs, including estimates relating to replacement cost and depreciation and obsolescence factors.

Accordingly, the Company recognized a gain on settlement amounting to P20,550,003, representing the excess of the aggregate consideration received, consisting of the applied deposits and the fair value of the transferred assets, over the carrying amount of the related receivable derecognized.

Yours truly,


Yam Kit Sung
Chief Financial Officer

BIR 2024 Tax Assessment

48. On March 30, 2026, the Company received a Letter of Authority (LOA) covering the taxable year 2024. The Company submitted partial documentary requirements on May 7, 2026.

As of this date, there have been no further developments or updates from the tax authorities regarding this matter.

Overbilling of utility charges claimed by PAGCOR

49. We believe that the Company might have to settle the claims from PAGCOR but the amount is relatively insignificant to the Company's financial statements. As at December 31, 2025, the Company and PAGCOR have not yet reached an agreement as to the net amount of settlement due to each party.

Mission order carried at the basement of the hotel

50. On February 17, 2025, operatives of the Criminal Investigation and Detection Group (CIDG), Bureau of Immigration (BI) and Presidential Anti-Organized Crime Commission (PAOCC) implemented a mission order, based on intelligence information they received stating the group is "engaged in online gaming that targets Korean nationals".

On February 20, 2025, the City of Pasay issued a show cause order to the Company. In response, the Company issued a letter on February 21, 2025 stating that it is in good faith and why it had no reason to suspect operations of the Casino.

On February 21, 2025, the Casino issued a letter to the PAOCC clarifying that it had no part or knowledge on the conduct of the operations of its hired Marketing Agent that is alleged to be involved in the unlawful activity.

On February 24, 2025, the PAOCC issued a letter to the Casino stating that as of that date, the PNP-CIDG has not initiated any legal proceedings against the Casino or the Hotel as investigations are still being conducted.

As at December 31, 2025, there are no further developments on the matter and we believe that that it is unlikely that the Company or its officers may be held liable for any criminal or administrative action by PAOCC and/or PNP-CIDG.

Moreover, we believe that there is a fair chance that no further action will be taken against the Company by the local government unit with regard to its business permit considering the inaction or lack of further correspondence since its receipt of the letters.

Valuation of Assets Transferred as Non-Cash Consideration

51. On August 23, 2022, the Company entered into a lease agreement with a lessee for the operation of a casino within the Hotel premises. The lease agreement covers an initial term of five years from August 23, 2022 to August 23, 2027, renewable upon mutual agreement of the parties. Under the terms of the agreement, the lessee paid security and utility deposits totaling P88,998,980. On February 20, 2023, the lessee obtained from the PAGCOR the license to operate within the leased premises and commenced commercial operations in February 2024.

On May 14, 2025, the lease agreement was terminated due to the financial condition of the lessee. In settlement of its outstanding obligations to the Company, the lessee assigned to the Company the remaining balance of the deposits under the lease agreement. In addition, the lessee transferred and conveyed to the Company ownership and all rights pertaining to certain leasehold improvements, machinery, kitchen equipment, and furniture and fixtures.

Appendix to the Management Representation Letter of Grand Plaza Hotel Corporation

Definitions

Financial Statements

PAS 1.10 states that "a complete set of financial statements comprises:

- a) a statement of financial position as at the end of the period;
- b) a statement of profit or loss and other comprehensive income for the period;
- c) a statement of changes in equity for the period;
- d) a statement of cash flows for the period;
- e) notes, comprising a summary of significant accounting policies and other explanatory information;
 - ea) comparative information in respect of the preceding period as specified in paragraphs 38 and 38A; and
- f) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 40A–40D.

An entity may use titles for the statements other than those used in this Standard. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'."

Material Matters

Certain representations in this letter are described as being limited to matters that are material. PAS 1.7 and PAS 8.5 state the following:

"Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor."

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure. (IFAC Glossary of Terms).

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

Related Party and Related Party Transaction

Related party

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in PAS 24 *Related Party Disclosures* as the "reporting entity").

- a) A person or a close member of that person's family is related to a reporting entity if that person:
 - i) has control or joint control over the reporting entity;
 - ii) has significant influence over the reporting entity; or
 - iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
 - i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii) Both entities are joint ventures of the same third party.
 - iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

- vi) The entity is controlled, or jointly controlled by a person identified in (a).
- vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A reporting entity is exempt from the disclosure requirements of PAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

- a) a government that has control or joint control of, or significant influence over, the reporting entity; and
- b) another entity that is a related party because the same government has control or joint control of or significant influence over, both the reporting entity and the other entity.

Related party transaction - A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged

Appendix B

	Uncorrected Misstatements						
	Income Statement Effect Impact to Current Net Income (Loss)	Income Tax effect of Prior Period Adjustment	Equity	Current Assets	Balance Sheet Effect Noncurrent Assets	Current Liabilities	Noncurrent Liabilities
Net income before uncorrected audit adjustment	P8,763,717	P-	(P1,011,280,486)	P545,132,441	P966,201,308	(P318,161,781)	(P181,891,482)
1. Long outstanding accruals that no longer meet the definition of financial liability.	1,294,417	-	(1,294,417)	-	-	1,294,417	-
2. Understatement of depreciation expense	(1,357,392)	-	1,357,392	-	(1,357,392)	-	-
Net income after uncorrected audit adjustment	P8,700,742	P-	P1,011,343,461	P545,132,441	P964,843,916	(P319,456,198)	(P181,891,482)



NC0Q3N048E

NOTARIAL CERTIFICATE

TO ALL TO WHOM these presents shall come

I, Ho Suk Tsing Leslie, NOTARY PUBLIC duly admitted, authorised to practise in the Republic of Singapore, DO HEREBY CERTIFY

THAT I was present on the day hereof and did see **KWEK EIK SHENG** and **YAM KIT SUNG** the persons named and mentioned as Chairman and President and Director and General Manager/ Chief Financial Officer respectively in the document **"SEC FORM 17-A – ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES"** with **"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS"** dated 6 May 2026 relating to **GRAND PLAZA HOTEL CORPORATION** hereunto annexed sign the said document **AND THAT** the signatures therein subscribed are the proper handwritings of the said **KWEK EIK SHENG** and **YAM KIT SUNG**.

IN FAITH AND TESTIMONY whereof I the said notary have subscribed my name and set and affixed my seal of office at Singapore, this 11th day of May 2026.



NOTARY PUBLIC
SINGAPORE



By virtue of Rule 8(3)(c) of the Notaries Public Rules, a Notarial Certificate must be authenticated by the Singapore Academy of Law in order to be valid.

With effect from 16 September 2021, a Notarial Certificate shall be deemed to be validly authenticated by the affixing of an Apostille to the back of the Notarial Certificate.



APOSTILLE

(Convention de La Haye du 5 Octobre 1961)

This **Apostille** only certifies the authenticity of the signature, seal or stamp and the capacity of the person who has signed the attached Singapore public document, and, where appropriate, the identity of the seal or stamp. It does not certify the authenticity of the underlying document.

If this document is to be used in a country not party to the Hague Convention of the 5th of October 1961, it should be presented to the consular section of the mission representing that country.

To verify this **Apostille**, go to

<https://legalisation.sal.sg>

or scan QR code:



Verification code: 72952950

1. Country:	Singapore
This public document	
2. Has been signed by:	Ho Suk Tsing Leslie
3. Acting in the capacity of:	Notary Public
4. Bears the seal/stamp of:	Notary Public
Certified	
5. At:	Singapore Academy of Law
6. The:	12th May 2026
7. By:	Melissa Goh, Director, Trust Services, SAL
8. No.:	AC0Q3O0GZC
9. Seal/Stamp:	10. Signature: 



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended 31 December 2025
2. SEC Identification Number 166878
3. BIR Tax Identification No. 000-460-602-000
4. Exact name of issuer as specified in its charter GRAND PLAZA HOTEL CORPORATION ("Company")
5. City of Pasay, Philippines
Province, Country or other jurisdiction
of incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. 10/F, The Heritage Hotel Manila, Roxas Blvd. Cor. EDSA Ext., Pasay City 1300
Address of principal office Postal Code
8. Tel No. (632) 8854-8838 ; Fax No. (632) 854-8825
Issuer's telephone number, including area code
9. Former name, former address, and former fiscal year, if changed since last report N/A
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 Stock	87,318,270 (Inclusive of 33,600,901 treasury shares)

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

Yes [x] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

Stock Exchange : Philippine Stock Exchange
Securities : Common Shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 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").

The share price of the Company as of 31 December 2025 is PhP5.80 and the total voting stock held by non-affiliates of the Company is 6,857,283. Therefore, the aggregate market value of the voting stock held by non-affiliates of the Company is PhP39,772,241.

**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. **N.A.**

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;
- (b) Any proxy or information statement filed pursuant to SRC Rule 20 and 7.1(b);
- (c) Any prospectus filed pursuant to SRC Rule 8.1-1.

PART I – BUSINESS & GENERAL INFORMATION

ITEM 1. BUSINESS

General

The Company was registered with the Securities and Exchange Commission on 9 August 1989 primarily to own, lease or manage one or more hotels, inns or resorts, all adjuncts and accessories thereto and all other tourist-oriented businesses as may be necessary in connection therewith.

The Company owns The Heritage Hotel Manila ("Hotel"), a deluxe class hotel which offers 467 rooms and deluxe facilities such as restaurants and ballrooms.

The Hotel opened on 2 August 1994 and the Company has continued to own and operate the Hotel since then.

For the fiscal year ended 31 December 2025, the Company reported a net profit after tax of about PhP8.7 million as against a net profit after tax of PhP60.8 million in 2024 and profit after tax of PhP30.8 million in 2023.

There is no bankruptcy, receivership or similar proceedings involving the Company. There are no material reclassifications, mergers, and consolidation involving the Company, nor purchases or sales of a significant amount of assets not in the ordinary course of business of the Company.

The Company's main source of income is revenue from the Hotel operations. The market for the Hotel services varied. The bulk of the room guests are corporate clients from various countries. The majority of the room guests are Americans, Japanese, Koreans, Filipinos and guests from Southeast Asian nations, while food and beverage guests are mainly Filipinos.

Competitive Position

The main competitors of The Heritage Hotel Manila are Manila Hotel, St. Giles Makati, Belmont Hotel Manila, The Mini Suites Eton Tower Makati and Savoy Hotel Manila.

Based on information made available to us, for the year 2025, our Heritage Hotel occupancy was 53.9% versus competitor's occupancy of 66.0%. Our Average Room Rate was PhP3,531 while competitor rate was PhP3,250. The resultant Revenue Per Available Room (Revpar) of our Hotel was PhP1,903 versus competitor of PhP2,145.

Raw Materials and Services

The Hotel purchases its raw material for food and beverage ("F&B") from both local and foreign suppliers. The top 3 suppliers for raw materials are Sunshine Trading, JC Seafood Supply and Golden Acres Food Service Corp.

Dependence on Single Customer

The Company's main source of income is revenue from the operations of the Hotel. The operations of the Hotel are not dependent on a single or a few customers.

Related Party Transactions

The Company in the normal course of business has entered into transactions with its related parties, principally consisting of cash advances. These advances are shown as “Due to related company”, “Due to immediate holding company”, and “Due to intermediate holding company” in the balance sheets.

The Company also leases its Hotel site from a related company. The lease contract on the Hotel site requires the Company to deposit PhP78 million to answer for any and all unpaid obligations that the Company may have under said contract.

On 11 August 2014, the Company and the related company, Harbour Land Corp. (“**HLC**”), agreed to amend the Lease Contract to increase the rent from PhP10,678,560 to PhP17,797,608 effective 1 January 2014 and to extend the lease contract from 2015 to 2040 for a period of another 25 years with no escalation of rent for the first 5 years but on the 6th year, HLC will propose a revision depending on the market condition.

The Company has entered into a Management Contract with Elite Hotel Management Services Pte. Ltd.’s Philippines Branch for the latter to act as the Hotel’s administrator. Under the terms of the agreement, the Company is required to pay monthly basic management and incentive fees based on a certain percentage of revenue and gross operating profit.

Policy on Related Party Transactions

In compliance with SEC Memorandum Circular No. 10, Series of 2019 on the Rules on Material Related Party Transactions for Publicly Listed Companies which took effect on 27 April 2019, the Company adopted its Material Related Party Transactions Policy (“**Material RPT Policy**”) on 24 October 2019.

Under the Company’s Material RPT Policy, the term “related parties” is defined as “the reporting Company’s directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or significant influence over the reporting Company. It also covers the reporting Company’s parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party”. Any related party transaction/s, either individually, or in aggregate over a 12-month period with the same related party, amounting to 10% or higher of the Company’s total assets based on the Company’s latest audited financial statement shall be deemed as a Material Related Party Transaction (“**Material RPT**”) which is covered by the Material RPT Policy.

Under the Company’s Material RPT Policy, the following approvals shall be required for transactions deemed as Material RPTs:

a. Approval of individual Material RPTs

All individual Material RPTs shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the Material RPT. In case that a majority of the independent directors' vote is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

b. Approval of aggregate RPT transactions

For aggregate RPT transactions within a twelve (12)-month period that breaches the materiality threshold of ten percent (10%) of the Company's total assets, the same board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same related party.

Directors with personal interest in the transaction are mandated to abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

In accordance with the Company's Material RPT Policy and the relevant rules and regulations of the SEC on Material RPTs, the Company is required to submit the following reports and disclosures to the SEC:

- a. A summary of material related party transactions entered into during the reporting year which shall be disclosed in the Company's Integrated Annual Corporate Governance Report (I-ACGR) to be submitted annually every May 30.
- b. Advisement Report in the form prescribed by the SEC of any Material RPT filed within three calendar days from the execution date of the transaction. The Advisement Report shall be signed by the Company's Corporate Secretary or authorized representative.
- c. At a minimum, the disclosures in both (a) and (b) above shall include the following information:
 - i. complete name of the related party;
 - ii. relationship of the parties;
 - iii. execution date of the Material RPT;
 - iv. financial or non-financial interest of the related parties;
 - v. type and nature of transaction as well as a description of the assets involved;
 - vi. total assets (consolidated assets, if the reporting company is a parent company);
 - vii. amount or contract price;
 - viii. percentage of the contract price to the total assets of the reporting Company;
 - ix. carrying amount of collateral, if any;
 - x. terms and conditions;
 - xi. rationale for entering into the transaction; and
 - xii. the approval obtained (i.e., names of directors present, name of directors who approved the Material RPT and the corresponding voting percentage obtained).

Section 5.2 of the Company's Revised Manual on Corporate Governance requires all material information to be publicly and timely disclosed through the appropriate mechanisms of the PSE and submitted to the SEC. Such information includes, among others, related party transactions. All such information should be disclosed.

In compliance with the 2015 Implementing Rules and Regulations of the Securities Regulation Code (“**SRC Rules**”), the Company must disclose the following details for a related party contract:

- a. the nature of the related party relationship;
- b. the type of transaction (e.g. supply or services contract, loans, guarantees);
- c. the total amounts payable and receivable in the transaction from or to the related party; and
- d. the elements of the transaction necessary to understand the listed company's financial statements.

The Company must also disclose its transactions in which related persons, such as directors, officers, substantial shareholders or any of their immediate families have a direct material interest, such as the related person’s beneficial ownership of the counterparty or share in the profits, bonus, or commissions out of the transaction.

No disclosure is needed for any transaction where:

- a. The transaction involves services at rates or charges fixed by law or governmental authority;
- b. The transaction involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services;
- c. The amount involved in the transaction or a series of similar transactions has an aggregate value of less than PhP2,500,000; or
- d. The interest of the person arises solely from the ownership of securities of the registrant and the person receives no extra or special benefit that was not shared equally (pro rata) by all holders of securities of the class.

In compliance with the provisions of the Corporation Code, a contract of the Company with one or more of its directors or officers must be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock if any of the following conditions are absent:

- a. The presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting.
- b. The vote of such director was not necessary for the approval of the contract.

Full disclosure of the adverse interest of the directors or officers involved must be made at the stockholders' meeting and the contract must be fair and reasonable under the circumstances.

Furthermore, the Company must comply with the provision of the Corporation Code which requires a contract between two or more corporations having interlocking directors, where (i) the interest of the interlocking director in one corporation is substantial and his interest in the other corporation is merely nominal, and (ii) any of the following conditions are absent:

- a. The presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting.

b. The vote of such director was not necessary for the approval of the contract.

to be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the corporation where the interlocking director's interest is nominal. Similarly, full disclosure of the adverse interest of the interlocking director/s involved must be made at the stockholders' meeting and the contract must be fair and reasonable under the circumstances. Stockholdings exceeding twenty (20%) percent of the outstanding capital stock shall be considered substantial for purposes of interlocking directors.

Patents, Trademarks, Etc.

The Company registered the tradename "The Heritage Hotel Manila" with the Intellectual Property Office on 12 July 2000 under registration number 41995105127. Under current laws, the registration is valid for a term of 20 years, or up to 12 July 2020. This has been renewed and it is now valid until 12 July 2030.

The Company is also authorized to use "The Heritage Hotel Manila" as its business name under its Articles of Incorporation.

The Company does not hold any other patent, trademark, copyright, license, franchise, concession or royalty agreement.

Government Approval and Regulation

The Hotel applies for Department of Tourism ("DOT") accreditation annually. The accreditation is based on the 2012 Rules and Regulations to Govern the Accreditation of Accommodation Establishments of the DOT. The DOT inspects the Hotel to determine whether the Hotel meets the criteria of the DOT. The DOT certificate of accreditation has been renewed in 2024 and remains valid until 2026.

The Company is not aware of any new government regulation that may have a material impact on the operations of the Company during the fiscal year covered by this report.

Development Activities

The Company conducted renovation of the 8th and 9th floors of the Hotel beginning on the third quarter of 2024. The Company completed the renovation in the second quarter of 2025.

Number of Employees

The Hotel employed a total of 276 employees for the year ended 31 December 2025. Out of the 276 employees, 172 are regular employees and 104 are casual employees.

The number of employees per type of employment is, as follows:

	REGULAR	CASUAL	TOTAL
Hotel Operating Staff (All operating dept)	115	69	184
Management/Admin/Security (A&G Dept)	27	23	50
Sales & Marketing	13		13

Repairs & Maintenance	17	12	29
Total	172	104	276

Barring any unforeseen circumstances, for the year 2026, the Company will maintain more or less the same number of employees as in the year 2025.

There are no existing collective bargaining agreements between the Company and its employees.

ITEM 2. PROPERTIES

The Company leases its Hotel site from HLC, a related company. The Hotel site is located at the corner of Roxas Blvd. and EDSA Extension, Pasay City.

The lease for the Hotel site is for a period of 25 years renewable for another 25 years. The lease commenced on 1 January 1990. The Company has renewed its lease effective 1 January 2014 for another 25 years with monthly rental of PhP1,483,134.

The annual rental expense for the Hotel site is PhP17,797,608 million.

The Company has no intention of acquiring additional property within the next 12 months.

ITEM 3. LEGAL PROCEEDINGS

This case is a Petition for Review with the CTA to invalidate the tax deficiency assessment in relation to the year 2008 ("Deficiency Tax Case").

On 20 February 2015, the Company filed a Petition for Review with the CTA to invalidate the collection proceedings of the BIR. The Petition is based on the Company's position, as advised by tax counsel, that the collection proceedings initiated by the Commissioner of Internal Revenue ("CIR") is void because the assessment, from which the collection proceedings arose, did not comply with the requirements of law and lacked factual and legal bases.

The Deficiency Tax Case seeks to have the CTA review the Collection Letter that the Company received from the BIR on 12 December 2013. As far as the Company is aware, the Collection Letter was issued by the BIR in connection with a Formal Letter of Demand for alleged deficiency income tax, value added tax, expanded withholding tax, withholding tax on compensation and documentary stamp tax for the year 2008, in the aggregate amount of PhP508,101,387.12 consisting of PhP262,576,825.03 for basic tax, and interest of PhP245,524,562.09 from 20 January 2009 to 30 September 2013.

On 24 July 2015, the Company received a Warrant of Dstraint and/or Levy dated 24 July 2015 from the BIR ("Warrant"). The Warrant relates to the tax case for year 2008. Considering that a Petition for Review has been earlier filed with the CTA on 20 February 2015 to question the validity of the collection proceedings initiated by the CIR and that the matter is currently being litigated at the CTA, the Company has taken appropriate legal measures to ensure that such Warrant is not implemented during the course of the trial proceedings.

During the CTA hearing on 21 September 2015, the Company presented 2 witnesses, and they were able to finish their testimonies on the same day. The BIR, on the other hand, did not present any witnesses and opted to submit the case for the resolution of the CTA.

On 6 November 2015, the Company filed its Formal Offer of Documentary Evidence. In two Resolutions dated 04 January 2016 and 11 March 2016 respectively, the CTA admitted in evidence the Company's documentary exhibits.

On 15 April 2016, the Company filed its Memorandum with the CTA.

Meanwhile, on 8 June 2016, management of the Company was informed by Metropolitan Bank & Trust Company ("Metrobank") via email, that the BIR has issued a Warrant of Garnishment with Warrant No. 125-2015-011 dated 2 June 2016 against the Company in connection with the Deficiency Tax Case. Pursuant to the Warrant, the BIR seeks to garnish the Company's deposits with Metrobank, which are currently in the amount of PhP499,049.64, as may be necessary to satisfy the alleged tax deficiency of the Company.

In addition, on 10 June 2016, management of the Company was also informed by the Lank Bank of the Philippines ("Land Bank"), that the BIR has issued a Warrant of Garnishment with Warrant No. 125-2015-011 against the Company in connection with the Deficiency Tax Case. To date, the Company has not received the original Warrant from the BIR. Pursuant to the Warrant, the BIR seeks to garnish the Company's deposits with the Land Bank, which are currently in the amount of PhP71,718.54 as may be necessary to satisfy the alleged tax deficiency of the Company.

In a Manifestation dated 01 September 2016, the CIR informed the CTA that it will adopt its arguments in its Answer as its Memorandum.

Thus, on 6 September 2016, the Company's tax counsel received a Resolution from the CTA stating that the case has been submitted for decision.

On 7 March 2017, the Company filed an Urgent Motion to Allow Payment of Taxes with the CTA. This is with respect to the Warrant of Garnishment with Land Bank. The Company uses this bank account for its tax payments.

On 24 August 2017, the Company withdrew its "Urgent Motion to Allow Payment of Taxes" with CTA and instead requested the CTA to submit the case for decision. On 31 August 2017, CTA granted the withdrawal of the Motion and submitted the case for decision.

On 4 July 2018, the CTA rendered its Decision.

In the Decision, the CTA held that it does not have jurisdiction to entertain the Petition. It explained that the CTA only has jurisdiction to review decisions of the CIR involving disputed assessments, and not those assessments which have become final and executory. The CTA held that due to the Company's failure to file a protest within the reglementary period, the assessment became final, executory, and demandable. In light of the foregoing, the CTA held that it had no jurisdiction to entertain the Petition.

The Company filed a Motion for Reconsideration ("MR") on 19 July 2018. In its MR, the Company argued that: (i) the CTA has jurisdiction to review collection proceedings initiated by the CIR pursuant to its powers under Section 7(A)(1) of the National Internal Revenue Code; and (ii) the tax deficiency assessment of the CIR is void for failure to indicate a due date for payment and thus, the absence of a protest does not render the assessment final and executory because no rights can emanate from a void assessment.

Amended Decision

On 30 October 2018, the Company received the CTA's Amended Decision granting the Company's MR. Thus, the CTA annulled and set aside the CIR's assessment against the Company for deficiency income tax, withholding tax on compensation, expanded withholding tax, documentary stamp taxes, and value-added tax, in the total amount of PhP508,101,387.12 for taxable year 2008.

In its Amended Decision, the CTA held that it had jurisdiction to review collection proceedings by the CIR pursuant to its powers under Section 7(a)(1) of the Tax Code, and in particular, "other matters" arising under the National Internal Revenue Code. The CTA held that while there is no disputed assessment, it can assume jurisdiction over the Petition under "other matters".

After a careful scrutiny of the Formal Letter of Demand and Final Assessment Notice, the CTA held that the same was not valid for failure to indicate a definite due date for payment by the taxpayer, which negates the CIR's demand for payment.

MR filed by CIR

On 20 November 2018, the MR filed by the CIR seeks to pray for a reconsideration of the Amended Decision and to uphold the Decision dated 4 June 2018 on the following grounds:

- (1) The "other matters" clause of Section 7 of Republic Act No. 9282 does not include assessment cases.
- (2) A challenge to the collection procedure under "other matters" cannot reach back and examine an undisputed assessment.
- (3) Even assuming that the present case falls under the scope of "other matters", the Petition was filed out of time.

The Corporation filed its Comment to the CIR's MR on 12 December 2018 and prayed that the same be denied for lack of merit. On 14 March 2019, the CTA issued a decision denying the CIR Motion for Reconsideration as the Court finds no cogent reasons to reverse or modify the Amended Decision.

On 21 March 2019, the CIR filed an appeal to the CTA En Banc to set aside the Amended Decision. On 19 June 2019, the Corporation received a notice from the CTA En Banc to file its comments to Petition of CIR. The corporation filed its comment on 20 June 2019.

On 2 December 2019, the CTA En Banc issued a Notice of Resolution that since both CIR and the Corporation decided not to have the case mediated by Philippine Mediation Center – Court of Tax Appeals, the mediation proceedings are terminated, and the case is submitted for decision by the CTA En Banc.

On 29 September 2020, CTA En Banc promulgated a decision affirming the CTA decision and denied the Petition of CIR for lack of merit. CIR, dissatisfied with the decision, filed a Motion for Reconsideration on 20 October 2020 and the Corporation has filed its Response to CIR’s Motion for Reconsideration on 11 November 2020. As at 4 January 2021, there is no decision yet from CTA En Banc.

On 26 January 2021, the Corporation received from its counsel the Decision of CTA En Banc denying again the Motion for Reconsideration of CIR for lack of merit.

Petition for Review filed by the CIR

On 23 March 2021, Management of the Corporation was advised by the Corporation's tax counsel that it had received a copy of the Petition for Review dated 8 March 2021 filed by the CIR with the Philippine Supreme Court which seeks to set aside the CTA En Banc Decision dated 29 September 2020 (Decision) and CTA En Banc Resolution. The Petition for Review seeks to (i) reverse and set aside the CTA En Banc Decision dated 29 September 2020 and Resolution dated 19 January 2021 and (ii) render a decision ordering the Corporation to pay the total amount of PhP37,394,321.84, PhP142,281,715.20, and PhP326,352,191.20 representing withholding tax on compensation, value-added tax, and income tax assessment, respectively, or an aggregate amount of PhP506,028,228.24 for taxable year 2008 as well as 25% and 50% surcharge, 20% deficiency and delinquency interest and 12% interest until full payment pursuant to the Tax Reform for Acceleration and Inclusion (TRAIN) law.

On 12 July 2023, the Corporation was informed by its counsel that the Supreme Court has denied the CIR’s Petition for Review. CIR then filed a Motion for Reconsideration within 15 days upon receipt of decision.

On 22 October 2025, the Corporation received a copy of the Notice from the Supreme Court First Division. The Supreme Court denied the petition for review on certiorari and considering that there is no substantial argument to warrant a modification of the Court’s resolution, the Cort resolved to deny reconsideration with Finality. The court also ruled that no further pleadings, motions, letters or other communications shall be entertained.

Other than the above tax cases, to the best knowledge and/or information of the Company, neither itself nor any of its affiliates and subsidiaries have been involved during the past five (5) years in any material legal proceedings affecting/involving the Company, its affiliates or subsidiaries, or any material or substantial portion of their property before any court of law or administrative body in the Philippines or elsewhere.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the security holders during the fourth quarter of the fiscal year covered by this report.

On the 9 July 2025 annual stockholders' meeting, the following were elected as directors of the Company:

Kwek Eik Sheng;
 Bryan Cockrell;
 Yam Kit Sung;
 Wong Kok Ho;
 Ricardo Pio Castro, Jr.
 Natividad Alejo (independent director); and
 Simeon Ken R. Ferrer (independent director).

Please refer to the discussion in item 9 of this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The common shares of the Company are listed on the Philippine Stock Exchange.

The following are the high and low share prices of the Company for the year 2025 and 2024:

Amount in Peso:

	HIGH	LOW	HIGH	LOW
	Year 2025	Year 2025	Year 2024	Year 2024
First Quarter	6.00	4.52	9.75	6.86
Second Quarter	5.98	5.00	11.96	7.71
Third Quarter	7.52	5.50	7.72	6.71
Fourth Quarter	7.99	5.80	8.85	5.91

The last recorded trade of the shares of the Company during the fiscal year covered by this report occurred on 29 December 2025. The share price was PhP5.80.

Holders of Securities

The Company has only one class of shares, i.e., common shares. The total outstanding common shares as of 31 December 2025 is 87,318,270 inclusive of 33,600,901 treasury shares.

As of 31 December 2025, the number of shareholders of the Company is 16,857.

The list of the top 20 shareholders is as follows:

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF
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			SHAREHOLDING (EXCLUDING TREASURY SHARES)
01	The Philippine Fund Limited	29,128,932	54.23%
02	Zatrio Pte Ltd	17,727,149	33.00%
03	PCD Nominee Filipino	3,686,453	6.86%
04	PCD Nominee Non-Filipino	236,762	0.44%
05	Alexander Sy Wong	34,505	0.06%
06	Cabanatuan Electric Corporation	8,569	0.02%
07	Asia Overseas Transport Co. Inc.	7,614	<0.01%
08	School of St Anthony	6,557	<0.01%
09	Main Pacific Features, Inc	6,169	<0.01%
10	Phoon Lin Mui	6,000	<0.01%
11	Yam Kit Seng	6,000	<0.01%
12	Yam Kum Cheong	6,000	<0.01%
13	Yam Poh Choo	6,000	<0.01%
14	Rogelio Roleda Lim	5,361	<0.01%
15	Lucas M. Nunag	4,713	<0.01%
16	Mary Dee Chinjen	4,290	<0.01%
17	Palawan Pawn Shop Inc	4,002	<0.01%
18	Natividad B. Kwan	3,983	<0.01%
19	Jules Franchise Corporation	3,817	<0.01%
20	Nationwide Distributors Inc.	3,762	<0.01%
	Total	50,896,548	94.75%

Dividends

No dividends were declared for FY2025 and FY2024.

Dividend Policy

The nature of the dividend, the dividend payment date and the amount of the dividend are determined and approved by the Company's Board of Directors.

Recent Sales of Unregistered Securities

The Company does not have any unregistered securities.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

(A) Full Fiscal Year

Top 5 Key Performance Indicators of the Company for the last 3 years:

	2025	2024	2023

Current ratio (Solvency ratio)	1.71	2.02	2.12
Debt/Equity	0.49	0.56	0.59
Assets/Equity	1.49	1.56	1.59
Profit/(Loss) before tax margin ratio	2.53%	14.23%	8.70%
Earnings before interest, tax, depreciation & amortization (EBITDA) Peso	53.07 million	107.73 million	72.03 million

Note: The Company has no loans due to third party or related parties.

Current ratio is derived by dividing the current assets with the current liabilities. This indicator measures the liquidity of the Company in the short-term. The current ratio reduced by 0.31 (15.3%) compared to the same period of last year. This is mainly due to lower current assets and is a result of lower cash balance and receivables (net). Cash balance reduced due to payments to contractors for the renovation of 2 floors of guestrooms.

Debt to equity ratio measures a company's financial leverage. It is derived by dividing total liabilities over equity. There is a decrease of 0.07 (12.5%) as compared to 2024 due to lower liabilities offset by higher total equities.

Assets/Equity ratio measures the proportion of equity used to finance assets of the company and it is derived by dividing total assets to equity. There a decrease of 0.07 (4.49%) as compared to 2024 due to lower total assets.

Profit before tax margin ratio is computed by dividing the profit before tax against the total revenue. This ratio measures whether the Company is able to contain its expenses in relation to the revenue. The Company reported a profit before tax of PhP12.7 million this year as compared to prior year of PhP75.1 million mainly due to absence of rental income.

EBITDA is a measure of the company profitability without interest, depreciation and taxes. This ratio decreased by PhP54.66 million (50.7%) as compared to last year. This is mainly due to the departure of a key tenant reducing the rental income in 2025.

Management is not aware of:

- a. Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way. The Company does not have or anticipate having within the next 12 months any cash flow or liquidity problems; and the Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments. There is no significant amount of the Company's trade payables that have not been paid within the stated trade terms.
- b. Any events that will trigger direct or contingent financial obligations that is material to the Company, including any default or novation of an obligation.

- c. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
- d. There are no material commitments for capital expenditures.
- e. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.

Please see the attached chart for the relationship between the Company and its ultimate parent company.

Results of Operations:

Revenue and Net Income/(loss) After Tax (“NIAT”) of the Company during the last 3 years are as follows:

YEAR	REVENUE – PHP’000	NIAT – PHP’000
2025	502,589	8,763
2024	527,984	60,880
2023	468,291	30,863

2025 Results of Operations

For the year under review 2025, the Company reported a net income after tax of PhP8.7 million as compared to PhP60.9 million in 2024. The absence of rental income affected the profitability of the Company.

Revenue:

Total revenue decreased from PhP527.9 million to PhP502.6 million or PhP25.3 million (4.8%). Despite the improvement shown in Rooms and Food and Beverage (F&B) departments, the termination of the lease agreement by a key tenant affected the revenue and profitability in 2025.

Room division recorded a 6.3% improvement in revenue from PhP253.0 million to PhP269.1 million. The occupancy of the Hotel for the year under review was 53.9% as compared to 57.1% in the prior year. The average room rate improved from Peso3,023 to Peso3,269 or 8.1% as compared to the prior year resulting in 6.3% increase in Room revenue. The higher average room rate reflects the improvement resulting from 2 floors of renovated guest rooms during the year.

Food and Beverage revenue registered a modest increase of Peso2.8 million or 1.7% as compared to the previous year. Both Riviera and Banquet showed a growth rate of 1.4% and 2.2% respectively as compared to the prior year.

Rental income fell from Peso101.1 million in 2024 to Peso56.2 million as the anchor tenant terminated the lease due to financial difficulties.

Cost of sales and services:

Cost of sales and services mainly comprised of payroll, food & beverage costs, guest supplies and others increased by PhP8.6 million or 4.8% relative to 2024. The main reason is due to higher payroll and employee benefits from pay increases mitigated by lower online selling and marketing expenses.

Administrative Expenses:

Administrative expenses mainly consist of management and incentive fees, salaries, credit card commission, dues and subscription, property operation, maintenance, depreciation, insurance and impairment loss. This balance increased by PhP32.7 million or 10.9%. The key reasons for the variance is due to higher payroll and employee benefits from pay increases, depreciation due to higher Property, Plant and Equipment, professional fees and higher utilities.

Other income/(expenses):

This balance reported an income of PhP27.4 million in 2025 as compared to an income of PhP23.0 million in the prior year. This is mainly due to lower foreign exchange gain of PhP2.6 million in 2025 as compared to a gain of PhP10.9 million in 2024 and offset by higher gain in recognition of PhP20.6 million gain from the forfeiture of assets from the tenant.

2024 Results of Operations

For the year under review 2024, the Company reported a net income after tax of PhP60.8 million as compared to PhP30.9 million in 2023. The strong rental income helped to boost the profit after tax.

Revenue:

Total revenue improved from PhP468.3 million to PhP527.9 million or PhP59.6 million (12.7%) increase. The better performance is registered in all segments of the business, especially rental income from a newly acquired tenant.

Room division recorded a 6.3% improvement in revenue from PhP237.9 million to PhP253.0 million. Occupancy was 57.1% as compared to 50.3% in 2023 while Average Room Rate also showed an increase from PhP2,880 to PhP3,023. With the normalization of travel, hotel was able to improve its Average Room Rate which drives higher profitability.

F&B showed respectable results with an 11.7% increase in total revenue. This is mainly driven by higher revenue in Riviera and Banquet. Both food covers and average food check improved by 12.1% and 4.7% respectively.

Rent income consists mainly of rent from a key tenant secured in 2023. Due to full recognition of rent in 2024, it increased by 36.1%.

Cost of sales and services:

F&B cost of sales increased by 55.4% relative to 2023 due to the higher F&B revenue.

Administrative Expenses:

Selling and Administrative expenses mainly consist of management and incentive fees, salaries, credit card commission, dues and subscription, property operation, maintenance, depreciation, insurance and impairment loss. This balance increased by 7.9% and is consistent with the higher revenue. Some of the key increases are payroll and employee benefits, credit card and commission, depreciation and insurance.

Other income/(expenses):

This balance reported an income of PhP23.0 million in 2024 as compared to an income of PhP6.1 million in the prior year. This is mainly due to a foreign exchange gain of PhP10.9 million in 2024 as compared to a loss of PhP5.2 million in 2023.

2023 Results of Operations

For the year under review 2023, the Company reported a net income after tax of PhP30.8 million as compared to PhP5.9 million in 2022. The Company has a strong turnaround in both revenue and NIAT.

Revenue:

Total revenue improved from PhP295.4 million to PhP468.3 million or PhP172.9 million (58.5%) increase. The better performance is registered in all segments of the business especially Food and Beverage (F&B) and Others which is mainly due to rental income from newly acquired tenant.

Room division recorded a 18.3% improvement in revenue from PhP201.1 million to PhP237.9 million. Occupancy was 50.3% as compared to 46.4% in 2022 while Average Room Rate also showed an increase from PhP2,636 to PhP2,880. Consequently, Revpar increased from PhP1,224 to PhP1,448. With travel and business back to norm in Manila, the Hotel was able to stabilize its business and corporate and package segments showed improvement in 2023.

F&B showed stellar results with a 70.8% increase in total revenue. This is mainly driven by higher revenue in Riviera, Banquet and Lobby Lounge. Similar to Rooms Division, F&B also see improvement in total covers by 57,320 (31.1%) and Average Check by PhP125 (30.9%) over prior year.

Other income consists mainly of rental income. As the Company was able to secure a casino tenant in 2022 and in 2023, the tenant started paying rent after expiry of their rent free period, Other Income increase from PhP6.8 million to PhP80.9 million.

Cost of sales and services:

F&B cost of sales increased by 52.4% relative to 2022 due to the higher F&B revenue.

Administrative Expenses:

Selling and Administrative expenses mainly consist of management and incentive fees, salaries, credit card commission, dues and subscription, property operation, maintenance, depreciation, insurance and impairment loss. This balance increased from PhP199.5 million to PhP275.8 million or 38.2% versus the prior year. The increase is consistent with the higher revenue especially F&B. The major variances are payroll and employee benefits, management fees offset by the reversal of impairment loss of PhP34.7 million in 2022.

Other income/(expenses):

This balance reported an income of PhP6.1 million in 2023 as compared to an income of PhP19.6 million in prior year. This is mainly due to in 2022, there was a foreign exchange gain of PhP22.4 million as compared to a loss of PhP5.2 million in 2023. This is mitigated by the higher interest income of PhP22.8 million in 2023 as compared to PhP9.8 million in 2022 due to higher cash balance and interest rate.

Financial Conditions:

The total assets and liabilities of the Company for the last 3 years are as follows:

YEAR	ASSETS - PHP'000	LIABILITIES – PHP'000
2025	1,511,333	500,053
2024	1,572,641	566,372
2023	1,497,565	553,565

2025 Financial Conditions

Total assets for the year 2025 decreased by PhP61.3 million (3.9%) as compared to 2024 while total liabilities also decreased by PhP66.3 million (11.8%).

Assets/Liabilities and Equity:

- Cash and cash equivalents: This balance consists of cash and fixed deposits placed with banks. Cash decreased by PhP163.0 million (36.0%) versus end of last fiscal year. The negative variance is due to cash spent on the renovation of 8th and 9th floors guest rooms.
- Accounts receivables – net: This balance decreased from PhP190.9 million to PhP98.9 million due to better collection and settlement of outstanding rent from tenant.
- Prepaid expenses and other current assets: This balance increased by PhP29.7 million (32.6%) mainly due to higher prepaid expenses from insurance premium and higher Input VAT.
- Property and equipment net: This balance increased by PhP163.3 million (25.8%) as compared to the previous year. This is mainly due to addition of assets from the on-going renovation of the 8th and 9th floor guest rooms and the inclusion of assets from the forfeiture of the leased casino space.
- Refundable deposits: There is a significant decrease in this balance by PhP75.2 million or 72.9% as the Company forfeited the deposits from a tenant who could not pay the outstanding rent.
- Due to related parties: This balance increased by PhP7.4 million, representing an 8.5% rise from the previous year, as the Company has not yet settled its outstanding liabilities to related entities.
- Lease liability (noncurrent portion): There is a reduction of PhP5.9 million (3.9%) due to amortization of the lease liability during the year.

2024 Financial Conditions

Total assets for the year 2024 increased by PhP75.0 million (5.0%) as compared to 2023 while total liabilities also increased by PhP13.0 million (2.4%).

Assets/Liabilities and Equity:

- Cash and cash equivalents: This balance consists of cash and fixed deposits placed with banks. Cash decreased by PhP91.0 million (16.7%) versus end of last fiscal year. The negative variance is due to cash spent on the renovation of 8th and 9th floors guest rooms.
- Accounts receivables – net: This balance increased from PhP118.1 million to PhP187.9 million higher than prior year. The higher account receivables are consistent with the higher revenue.
- Inventories: Inventories consist mainly of F&B, general supplies and engineering supplies. There is an increase in this balance by PhP0.7 million (9.7%) and this is due to improvement in F&B revenue and Hotel had to stock up more inventories. General supplies also increased.
- Property and equipment net: This balance increased by PhP115.3 million (21.5%) as compared to the previous year. This is mainly due addition of assets from the on-going renovation of the 8th and 9th floor guest rooms.
- Other noncurrent assets: This balance mainly consists of lease deposit, advances to suppliers/contractors and miscellaneous investment and deposits. The balance as compared to last year decreased by PhP15.0 million (13.1%) as a result of a decrease in advances to suppliers/contractors.
- Accounts payable and accrued expenses: There is an increase of PhP14.2 million or 12.7% versus prior year. As business recovered with higher occupancy and F&B business, the hotel's trade payable also increased.
- Lease liability – current portion and non-current portion: Lease liability arose due to the adoption of IFRS 16 on accounting of lease in January 2019. The decrease is due to the amortization during the year.

2023 Financial Conditions

Total assets for the year 2023 increased by PhP97.8 million (6.9%) as compared to 2022 while total liabilities also increased by PhP67.7million (13.9%).

Assets/Liabilities and Equity:

- Cash and cash equivalents: This balance consists of cash and fixed deposits placed with banks. Cash increased by PhP53.3 million (10.8%) versus end of last fiscal year. The improvement in cash balance is due to better trading and in 2023, the new tenant started to pay rent.
- Accounts receivables – net: This balance increased from PhP92.2 million to PhP118.1 million higher than prior year. The higher account receivables is consistent with the higher revenue.

- Inventories: Inventories consist mainly of F&B, general supplies and engineering supplies. There is an increase in this balance by PhP0.7 million (12.2%) and this is due to improvement in F&B revenue and Hotel had to stock up more inventories.
- Property and equipment net: This balance fell by PhP16.4 million (3.0%) as compared to prior year. This is mainly due to depreciation charges for the year offset by addition of new assets during 2023.
- Deferred tax assets –net: Deferred tax assets are due to retirement benefits, impairment loss, exchange gain/loss and actuarial gain on defined benefit plan. This year, the balance increased by PhP3.4 million (22.5%) as a result of recognition of higher deferred tax liabilities from excess of ROU asset over lease liability and offset by remeasurement gain on retirement benefit liability.
- Other noncurrent assets: This balance mainly consists of lease deposit, advances to suppliers/contractors and miscellaneous investment and deposits. The balance as compared to last year increased by PhP27.6 million (31.7%) as a result of an increase in advances to suppliers/contractors.
- Accounts payable and accrued expenses: There is an increase of PhP39.4 million or 62.3% versus prior year. As business recovered with higher occupancy and F&B business, the hotel's trade payable also increased.
- Other current liabilities: This balance increased by PhP3.6 million (6.3%) as compared to prior year and this is mainly due to higher Output VAT payable.
- Lease liability – current portion and non-current portion: Lease liability arose due to the adoption of IFRS 16 on accounting of lease in January 2019. The decrease is due to the amortization during the year.

Risks

The Company has exposure to various risks, including liquidity risk, credit risk and market risk. For discussions of these risks, see *Note 25 – Financial Risks and Capital Management* to the accompanying audited financial statements in Item 7.

ITEM 7. FINANCIAL STATEMENTS

Please see the attachments.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There are no changes and/or disagreements with Accountants on any matter relating to accounting principles or practices, financial disclosures, auditing scope and procedure during the last two fiscal years.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS AND SIGNIFICANT EMPLOYEES OF THE REGISTRANT

NAME	OFFICE	CITIZENSHIP	FAMILY RELATION (*)	AGE
Kwek Eik Sheng	Chairman & President	Singapore	No relation	45
Bryan Cockrell	Vice Chairman/Director	American	No relation	79
Wong Kok Ho	Director	Chinese	No relation	78
Ricardo Pio Castro, Jr.	Director	Filipino	No relation	73
Natividad Alejo	Independent Director	Filipino	No relation	69
Simeon Ken R. Ferrer	Independent Director	Filipino	No relation	69
Yam Kit Sung	Director, General Manager of the Company / Chief Finance Officer / Compliance Officer / Chief Audit Executive	Singaporean	No relation	55
Farid Schoucair	General Manager The Heritage Hotel Manila Management Executive Committee	Swiss	No relation	69
Alain Charles J. Veloso	Corporate Secretary	Filipino	No relation	46
Arlene De Guzman	Treasurer	Filipino	No relation	65
Jeffrey Villablanca	Director Of Finance / Member The Heritage Hotel Manila Management Executive Committee	Filipino	No relation	41
Lesley Anne C. Mondez	Asst. Corporate Secretary	Filipino	No relation	39
Cecille G. Bernardo	Assistant Compliance Officer	Filipino	No relation	54
Marinelle Pacheco	Director of Business Development	Filipino	No relation	53
Czar Gandollas	Director of Food & Beverage	Filipino	No relation	56
Gloria Maria Pia	Asst. Director of Business Development	Filipino	No relation	27
Almandres Sonny Jorge	Executive Chef	Filipino	No relation	58

(*) *Up to the fourth civil degree either by consanguinity or affinity.*

Under Article IV, Section 2 of the By-Laws of the Company, the directors shall hold office for one year and until their successors are duly elected and have qualified.

None of the directors and executive officers are related within the 4th civil degree of consanguinity or affinity of each other.

None of the following events occurred during the past five years that are material to an evaluation of the ability or integrity of any director, person nominated to become a director, executive officer, promoter or control person of the registrant:

- a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two year prior to that time;
- b) Conviction by final judgment in a criminal proceeding;
- c) Being subject to any order, judgment or decree limiting such person's involvement in any type of business, securities, commodities or banking activities; and
- d) Being found by domestic or foreign court of competent jurisdiction in a civil action to have violated any securities or commodities law.

Business Experience

KWEK EIK SHENG

CHAIRMAN & PRESIDENT

Mr. Kwek served as Chairman and President of the Board of Grand Plaza Hotel Corporation since his appointment on 1 January 2020. Mr. Kwek is currently the Group Chief Operating Officer of City Developments Limited (“CDL”), an appointment he has held since 1 January 2022.

Mr. Kwek Eik Sheng joined CDL in 2009, covering Business Development for overseas projects before being appointed as Head of Corporate Development. In 2014, he assumed his role as Chief Strategy Officer and undertook an added portfolio as Head of Asset Management in April 2016. On 1 January 2022, he was appointed Group Chief Operating Officer.

Prior to joining CDL, he was with the Hong Leong Group of companies in Singapore, specializing in corporate finance roles from 2006 to 2008.

He currently also holds the position of Executive Director in CDL's principal subsidiary, Millennium & Copthorne Hotels Limited (M&C), as well as a Non-Independent Non-Executive Director of CDL Hospitality Trusts. He is a Non-Executive Director of Millennium Copthorne Hotels New Zealand Limited and CDL Investments New Zealand Limited, both listed on New Zealand's Exchange.

He holds a Bachelor of Engineering in Electrical and Electronics Engineering from Imperial College of Science, Technology and Medicine and a Master of Philosophy in Finance from Judge Business School, Cambridge University.

BRYAN K. COCKRELL

DIRECTOR

Mr. Bryan Cockrell, an American national, has been a Director of the Company since May 1997. Mr. Cockrell is the Chairman of the Pathfinder Group in the Philippines which has interests in tourism-related ventures, properties and other joint ventures undertakings of the

Group. Before his stint in the Philippines, he held numerous positions in Singapore, Indonesia and Saudi Arabia.

SIMEON K. FERRER

INDEPENDENT DIRECTOR

Simeon Ken R. Ferrer is currently Of Counsel at SyCipLaw, having recently retired as a Senior Partner and Head of the Corporate Services Department. His practice areas include corporate governance, banking, finance and securities, foreign investments, mergers and acquisitions. He has been consistently cited as a leading practitioner in areas of capital markets, commercial and corporate law and corporate governance by various legal periodicals. He is an SEC-accredited lecturer on corporate governance and is a member of the faculty of the Ateneo Law School. Mr. Ferrer is a member of the Integrated Bar of the Philippines and the Philippine Bar Association and a Fellow of the Institute of Corporate Directors. He is also the International Alumni Contact for the Philippines of the University of Michigan Alumni Association. He was first appointed as an independent director of Grand Plaza on 17 May 2021.

RICARDO PIO CASTRO JR.

DIRECTOR

Ricardo Pio Castro Jr. is a retired International Partner of Baker McKenzie law firm where he was a member of its Policy Committee and of its Manila member firm Quisumbing Torres, where he was the Managing Partner for eight years. His practice areas included Dispute Resolution and Litigation, Global Mobility, and Corporate Compliance. At present, he is a member of the Advisory Board of Southwestern Institute for International and Comparative Law based in Texas, U.S.A. and of the Board of Trustees of the University of San Agustin. He is involved with Christoffel Blindenmission (CBM), a foundation based in Germany extending assistance to the disabled in the world's 80 poorest countries, where he was a member of its International Board for eight years. He is a lecturer in the Mandatory Continuing Legal Education program for lawyers. He has been a law professor, bar reviewer, and was a Bar Examiner in the 2004 bar examinations. After his retirement from active law practice in 2015, Mr. Castro has been elected and is presently an officer or a director of more than 30 corporations involved in property development, business process outsourcing, minerals, tourism, fashion, and manufacturing. He was first appointed as a director of Grand Plaza on 17 May 2021.

WONG KOK HO

DIRECTOR

Mr. Wong Kok Ho, a Chinese national, has been a director of the Company since 15 May 2018. Mr. Wong has also been an executive director of Asia Financial Holdings Limited, a public listed company in Hong Kong Stock Exchange, since 2 May 2007 and has served the Group for over 40 years. Mr. Wong is an executive director of Asia Insurance and a director of several other subsidiaries of the Company. Mr. Wong was the Chief Executive Officer of Asia Insurance until October 2016 and has extensive experience in the insurance industry. He sits on the boards of AFH Charitable Foundation Limited, The People's Insurance Co. of China (Hong Kong), Limited, AR Consultant Service (HK) Limited, Professional Liability Underwriting Services Limited and Asia Insurance (Philippines) Corporation. Mr. Wong is also an independent non-executive director of Sompoo Insurance (Hong Kong) Company

Limited, and an adviser to both BE Reinsurance Limited and BC Reinsurance Limited. Mr. Wong was educated in Hong Kong and Deakin University, Melbourne, Australia and is a fellow member of The Chartered Insurance Institute, London.

YAM KIT SUNG

DIRECTOR, GENERAL MANAGER, CHIEF FINANCE OFFICER, COMPLIANCE OFFICER & CHIEF AUDIT EXECUTIVE

Mr. Yam Kit Sung has been appointed Director of the Corporation on 1 January 2020. He obtained his Bachelor of Accountancy (Honors) degree from Nanyang Technological University in Singapore. Upon graduation, he joined the international accounting firm, Price Waterhouse based in Singapore as an auditor and later joined CDL Hotels International Limited (now known as Millennium & Copthorne Hotels International Limited) as an Internal Auditor. In 1996, he joined The Heritage Hotel Manila as an Operations Analyst and was appointed General Manager of the Company in April 2000. In June 2006, Mr. Yam was appointed General Manager –Asset Management (China) for HL Global Enterprises Limited, a company listed on the Singapore Stock Exchange and he stepped down from this position on 15 January 2020.

He was appointed Vice President of Operational Finance (Asia & North America) for Millennium Hotels and Resorts, which is the parent company of the Corporation, in September 2019 and redesignated Vice President, Operational Finance, Asia & Group Management Reporting in 2025. He also sits on the Board of several companies in Millennium Hotels and Resorts and HL Global Enterprises Limited.

NATIVIDAD N. ALEJO

INDEPENDENT DIRECTOR

Ms. Natividad N. Alejo was appointed as an independent director of the Corporation on 16 May 2022. Ms. Alejo is currently a co-founder and managing director of AlphaPrimus Advisors, Inc., a boutique house that draws on the collective wealth of experience and track record of its incorporators in various fields of banking, with focus on providing advice on mergers and acquisitions, capital raising and strategy. She also currently serves as a director of BPI Direct Banko Inc., a savings bank that focuses on providing banking and finance to self-employed micro-entrepreneurs (SEMEs). Ms. Alejo is an experienced senior banker with more than 30 years of key leadership roles in retail banking, microfinance, investment banking and corporate finance, and strategic planning.

ARLENE DE GUZMAN

TREASURER

Ms. Arlene de Guzman has been the Company's Treasurer since August 1997. She is also a former director and president of the Company. She graduated with a B.S. Business Economics (cum laude) degree from the University of the Philippines in 1981. Her business experience includes: Senior Project Evaluation Officer, National Development Company, Head, Financial Risk Management, Philippine Associated Smelting and Refining Corporation (PASAR) and currently Senior Vice President of the Pathfinder Group. She is presently a director and/or

officer of the various companies under the Pathfinder Group and Grand Plaza Hotel Corporation.

ALAIN CHARLES J. VELOSO
CORPORATE SECRETARY

Mr. Alain Charles Veloso is a partner and assistant head of Quisumbing Torres' Corporate & Commercial/M&A Practice Group. He heads the Firm's Capital Markets Practice, and the Financial Institutions Industry Group. He is also a member of the Firm's Technology, Media & Telecommunications industry group. He participates in the initiatives of Baker McKenzie International of which Quisumbing Torres is a member firm. He is a member of Baker McKenzie's Asia Pacific Competition, Insurance, and Capital Markets Committees. He has 20 years of legal practice, advising clients with regard to their transactions in the Philippines, including private and public M&A transactions, debt, and equity capital markets transactions, and structuring and establishment of their Philippine presence. Mr. Veloso also heads the Firm's Inclusion & Diversity and B-Green Committees. Mr. Veloso currently serves as a Director of the Integrated Bar of the Philippines (IBP) Makati Chapter and the Chairperson of its Diversity and Inclusion Committee .

He joined Quisumbing Torres in 2006 after graduating class valedictorian and *cum laude* from the University of the Philippines College of Law in 2006. Mr. Veloso was admitted to the Philippine Bar in 2007 and ranked 10th in the 2006 Philippine Bar exams. Prior to obtaining his law degree, Mr. Veloso obtained his B.S. Accountancy from the University of the Philippines – Tacloban College in 2001, graduating *cum laude* and is a Certified Public Accountant. Mr. Veloso studied EU Competition Law at the London School of Economics and Political Science in 2017. He is one of the authors of The Philippine Competition Act Annotated 2021 edition.

Mr. Veloso is recognized as Leading Individual for Capital Markets in 2020 to 2026, and Antitrust and Competition in 2024 to 2026 by The Legal 500 Asia Pacific. He was also cited as one of the leading competition lawyers by Who's Who Legal: Southeast Asia 2022 to 2023 - Competition edition, and WWL's Future Leader for Competition in 2022 to 2023. He was awarded Client Choice Awards for Competition by Lexology 2021 and 2022, and Young Lawyer of the Year by Asian Legal Business Philippine Law Awards 2020. The Asian-MENA In-House Community Counsels cited him as External Counsel of the Year in Asia by in 2019, and he was ranked as a Next Generation Lawyer for Corporate and M&A by Legal 500 Asia Pacific for 2017 and 2018. He was also a 2018 Bench and Bar Awardee of the Integrated Bar of the Philippines' Leyte Chapter.

Mr. Veloso is also the corporate secretary of various private companies. He is not an officer or director of other public companies or companies that are grantees of secondary licenses from the SEC.

LESLEY ANNE C. MONDEZ
ASSISTANT CORPORATE SECRETARY

Ms. Lesley Anne C. Mondez is an associate of the law firm Quisumbing Torres. Ms. Mondez was appointed the Assistant Corporate Secretary of Grand Plaza Hotel Corporation on 8 April 2024. Ms. Mondez has 13 years of experience in the areas of mergers and acquisitions, capital markets, corporate reorganization and restructuring, commercial agreements, and general corporate and commercial work. She has participated in the conduct of legal due diligence on

several target companies, including listed companies, and has drafted and assisted in the negotiations of transaction documents relating to mergers and acquisitions, commercial lending and project finance. Ms. Mondez's practice spans several industries, including banking, gaming, manufacturing, real estate, and energy mining and infrastructure. Ms. Mondez likewise previously handled disclosure and regulatory requirements of a company listed on the PSE, and acted as Corporate Secretary and Assistant Corporate Secretary for several companies, and performed various corporate secretarial work such as preparation of minutes of meetings, secretary's certificates, period reports submitted to the PSE and the SEC, preparation and issuance of stock certificates, and other general corporate housekeeping work. Ms. Mondez is not an officer or director of other public companies or companies that are grantees of secondary licenses from the SEC.

FARID SCHOUCAIR

GENERAL MANAGER – HERITAGE HOTEL MANILA MANAGEMENT EXECUTIVE COMMITTEE

Farid Schoucair joined The Heritage Hotel Manila, as General Manager, on December 17, 2019. Farid was transferred from the Grand Copthorne Waterfront Hotel in Singapore, back to Manila. Half Lebanese and half Swiss, Farid got his diploma in Hotel & Tourism Management, from the Centre International de Glion, in Montreux, Switzerland back in 1980. He then joined the Hyatt Regency Dubai, back in 1981 as a management trainee and climbed the ladder from banqueting department to various F&B management positions and then General Manager of the Hyatt Regency Jeju back in August 1996. Farid has spent 25-years with Hyatt International; moving from Macau to Saipan, Singapore, Kuala Lumpur, Manila, South Korea and back to Manila; where he was managing the Hyatt Regency Manila up to December 2006. In April 2007, he joined Millenium Hotels & Resorts, to renovate and rebrand the then-Regent Hotel in KL to the Grand Millennium KL. He then moved back to Manila to renovate and rebrand the Renaissance Hotel in Makati to the New World Makati Hotel, where he spent the last ten years; before moving back to Singapore at the helm of the Grand Copthorne Waterfront Hotel, back in March 2019.

JEFFREY VILLABLANCA

DIRECTOR OF FINANCE, MEMBER – HERITAGE HOTEL MANILA MANAGEMENT EXECUTIVE COMMITTEE

Mr. Jeffrey Villablanca joined the company in 2014 as Chief Accountant and worked his way up to Assistant Director of Finance and, eventually, Director of Finance in 2022. Prior to joining the Heritage Hotel, Jeffrey worked as a General Accountant and Income Auditor at the Mandarin Oriental Manila. He was a member of the closing team for Mandarin Oriental Manila, which temporarily closed its doors in the Manila market. He also worked as an accountant for The Daily Tribune.

Mr. Villablanca obtained his B.S. Accountancy from Eastern Visayas State University (EVSU-Tacloban) and is a Certified Public Accountant.

CECILLE G. BERNARDO

ASSISTANT COMPLIANCE OFFICER

Ms. Cecille Bernardo's hotel career started in 1994 as part of the opening team of the then Forte Grand Jumeirah Beach in Dubai, now known as the Le Royal Meridien Beach Resort and Spa,

as a telephone operator and was later moved to a higher position to handle the Guest Services Department. In 2001, she came back to the Philippines and worked with various companies in different industries. Hotels being her passion, she joined the Company on 6 August 2007 as the Executive Assistant to the General Manager. She was later promoted as the Administrative and Corporate Relations Manager in 2014 handling corporate compliance and disclosures, among others. On 6 February 2020, she was appointed as the Assistant Compliance Officer of the Company.

Ms. Bernardo graduated from the University of the East with a degree in Marketing.

CZAR GANDOLLAS

DIRECTOR OF FOOD & BEVERAGE

Czar brings with her 30+ solid years of professional hospitality management experience with expertise in the field of Events Managements, Food & Beverage and Sales & Marketing. She has been a part of major hotel chains like IHG hotels, Shangri-la hotels and Rosewood hotels group. She has held the posts such as Banquet Manager, Asst. F&B Director and Director of Events Management. Prior to joining the Heritage Hotel Manila Ms. Gandollas was the Director of Events Management at the New World Makati Hotel (under the Rosewood Group). She has been part of several organizations like the Nutritionist-Dietitians Assoc of the Phils, Hotel Sales & Mktg Assoc, Toastmasters Makati Phils..

Czar graduated from St. Scholasticas College with a degree in Nutrition & Dietetics.

MARIA PIA I. GLORIA

Assistant Director of Business Development

Ms. Maria Pia I. Gloria began her career in the hospitality industry in 2019 at Luxent Hotel, a four-star property in Quezon City, where she served as a Sales Associate. Prior to fully pursuing her passion for hotels, she gained experience across various industries, enriching her professional background.

She joined the Company on 01 July 2022 as an Account Manager and was subsequently promoted to Senior Sales Manager in 2023, overseeing key segments including MICE, Government, Corporate, and Airlines. In recognition of her contributions and leadership, she was appointed Assistant Director of Business Development on 01 May 2025.

Ms. Gloria holds a degree in Hotel and Restaurant Management from Trinity University of Asia.

SONNY JORGE ALMANDRES

Executive Chef

Chef Sonny Jorge Almandres is a highly accomplished culinary professional with over 40 years of extensive experience in all facets of Food and Beverage operations. His expertise spans hotels, resorts, private clubs, standalone restaurants, and high-volume catering services, where he has consistently demonstrated excellence in kitchen management, menu development, and culinary innovation. Throughout his career, Chef Sonny has worked across diverse international settings, including Manila, Japan, the United States, and Brunei. He has also

gained valuable experience onboard a cruise ship, further enriching his global culinary perspective and adaptability to dynamic, fast-paced environments.

Chef Sonny joined the hotel on 11 October 2023, bringing with him a wealth of knowledge, leadership, and a deep passion for delivering exceptional dining experiences.

Attendance Record

Meeting Attendance of the Company’s Board of Directors in 2025:

Date of Board of Directors’ meetings	Names of Directors						
	Kwek Eik Sheng	Bryan Cockrell	Wong Kok Ho	Yam Kit Sung	Simeon Ferrer	Ricardo Pio Castro, Jr.	Natividad Alejo
4 April 2025	Present	Present	Present	Present	Present	Present	Present
6 May 2025	Present	Present	Present	Present	Present	Present	Absent
9 July 2025 (special)	Present	Absent	Present	Present	Present	Present	Present
9 July 2025 (organizational)	Present	Absent	Present	Present	Present	Present	Present
5 August 2025	Present	Absent	Present	Present	Present	Present	Absent
6 November 2025	Present	Present	Present	Present	Present	Present	Absent
2 March 2026	Present	Present	Present	Present	Present	Present	Present
Total	7/7	4/7	7/7	7/7	7/7	7/7	4/7
Percentage of attendance	100%	57%	100%	100%	100%	100%	57%

Meeting Attendance of the Company’s Audit Committee in 2025:

Date of Meetings	Names of Directors		
	Bryan Cockrell	Ricardo Pio Castro, Jr.	Natividad Alejo
4 April 2025	Present	Present	Present
6 May 2025	Present	Present	Absent
5 August 2025	Absent	Present	Present
6 November 2025	Present	Present	Absent
Total	3/4	4/4	2/4
Percentage of attendance	75%	100%	50%

Meeting Attendance of the Company’s Corporate Governance Committee in 2025:

Date of Board of Directors’ meetings	Names of Directors				
	Kwek Eik Sheng	Bryan Cockrell	Simeon Ferrer	Ricardo Pio Castro, Jr.	Natividad Alejo
4 April 2025	Present	Present	Present	Present	Present
9 May 2025	Present	Present	Present	Present	Absent
Total	2/2	2/2	2/2	2/2	1/2
Percentage of attendance	100%	100%	100%	100%	50%

ITEM 10. EXECUTIVE COMPENSATION

EXECUTIVE AND DIRECTORS’ COMPENSATION

NAME	POSITION	YEAR	SALARY	BONUS	OTHERS/ DIRECTOR ALLOWAN CES
Farid Alain Schoucair	General Manager of Hotel	2025			
Jeffrey Villablanca	Director of Finance	2025			
Juancho Baltazar	Director of Human Resources	2025			
Marinelle Pacheco	Director of Business Development	2025			
Czar Gandollas	Director of Food & Beverage	2025			
Total		2025	17,385,822	1,215,718	0
Directors’ allowances		2025			727,866
All officers & Directors as a group		2025	17,385,822	1,215,718	727,866

The estimated total compensation for officers and directors in the year 2026 is as follows:

Salary – PhP18 million
 Bonus – PhP1.5 million
 Other Fees – PhP0.8 million

FOR THE LAST 2 FINANCIAL YEARS – 2024 and 2023

NAME	POSITION	YEAR	SALARY	BONUS	OTHERS/ DIRECTOR ALLOWAN CES
Farid Alain Schoucair	General Manager of Hotel	2024			
Jeffrey Villablanca	Director of Finance	2024			
Juancho Baltazar	Director of Human Resources	2024			
Marinelle Pacheco	Director of Business Development	2024			
Czar Gandollas	Director of Food & Beverage	2024			
Total		2024			
Directors' allowances		2024			
All officers & Directors as a group		2024	18,282,800	1,085,726	710,418

NAME	POSITION	YEAR	SALARY	BONUS	OTHERS/ DIRECTOR ALLOWAN CES
Farid Alain Schoucair	General Manager of Hotel	2023			
Jeffrey Villablanca	Director of Finance	2023			
Juancho Baltazar	Director of Human Resources	2023			
Total		2023	12,598,000	1,582,000	120,000
Directors' allowances		2023			799,600
All officers & Directors as a group		2023	12,598,000	1,582,000	919,600

In 2025, the directors were given the following per diem allowance for their attendance in meetings in 2025: for the regular directors, PhP15,000 per meeting of the Audit Committee and the Board, and for independent directors, PhP15,000 per meeting of the Audit Committee and PhP15,720 per meeting of the Board. The allowance and compensation of the directors (i.e., in 2025) do not involve any other form of remuneration. There are no arrangements, such as consulting contracts, pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided as director.

There are no agreements that require, if any such executive officers resign or are terminated by the Company, or if there is a change in control of the Company, the executive officers of the Company to be compensated a total amount exceeding PhP2,500,000.

ITEM 11. SECURITY AND OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Management

The following table shows the shareholding beneficially held by the officers of the Company as at 31 December 2025.

TITLE OF CLASS	NAME OF BENEFICIAL OWNER / (CITIZENSHIP)	AMOUNT & NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS
Common shares	Yam Kit Sung (Singaporean)	3,000 shares beneficial	Less than 1%
Common shares	Kwek Eik Sheng (Singaporean)	1 share beneficial	Less than 1%

The following entities are directly or indirectly the beneficial owners of more than 5% of the Company’s voting shares (common) as of 31 December 2025.

S/N	NAME OF SHAREHOLDER	CITIZENSHIP	NO. OF SHARES	% OF SHAREHOLDING (EXCLUSIVE OF TREASURY SHARES)
1	The Philippine Fund Limited	Bermuda	29,128,932	54.23%
2	Zatrio Pte. Ltd.	Singapore	17,727,149	33.00%

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Please see Note 14 of the audited financial statements for details.

ITEM 13. CORPORATE GOVERNANCE

Please refer to the attached Annual Corporate Governance Report of the Company for the year 2025.

ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

Exhibits

None

Reports on SEC Form 17-C

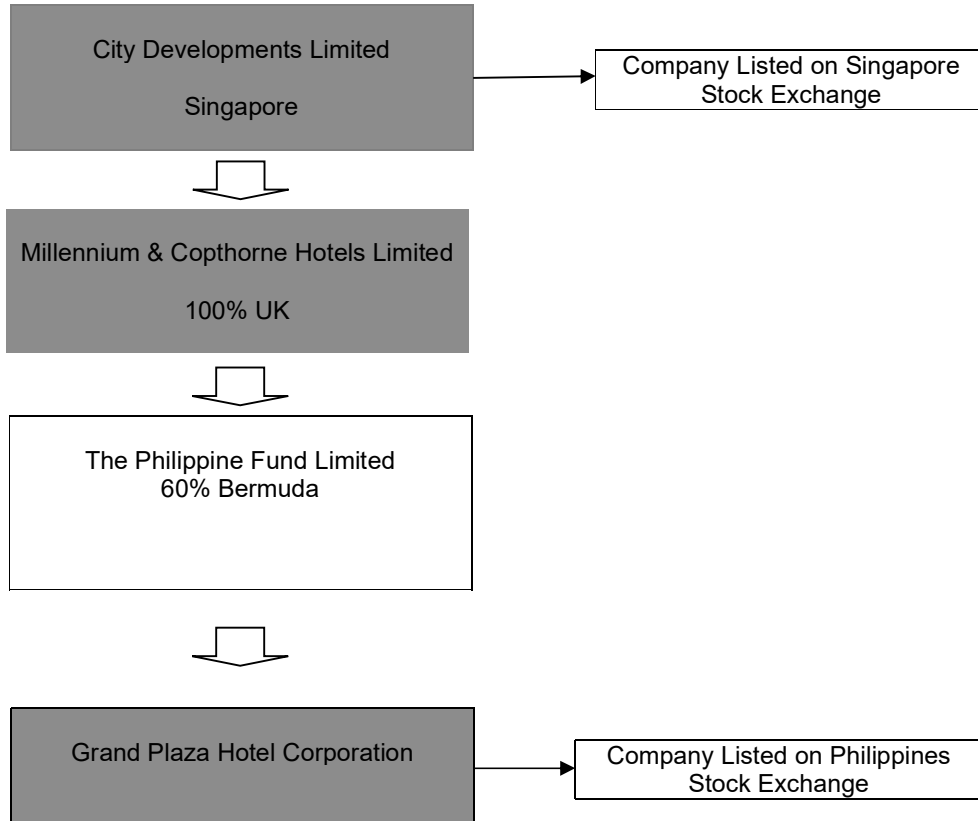
The following events were reported in SEC Form 17-C during the period January to December 2025:

Date of Filing of SEC Form 17-C	Summary of the matter disclosed

4 April 2025	Postponement of Annual Stockholders' Meeting, New Date of Annual Stockholders' Meeting, Approval of Record Date, and Amendment of Articles of Incorporation and by-laws to change business or trade name
9 July 2025	Results of the Annual Stockholders' Meeting of Grand Plaza Hotel Corporation
9 July 2025	Results of the organizational meeting of the Board of Directors of Grand Plaza Hotel Corporation
23 October 2025	Petition for Review - Grand Plaza Hotel Corporation - Commissioner of Internal Revenue vs. Grand Plaza Hotel Corporation (docketed as G.R. No. 255287 (Court of Tax Appeals (CTA) En Banc (EB) No. 2039)) – receipt of Notice from Supreme Court denying with finality Petition for Review filed by CTA
6 November 2025	Effectivity date of the retirement of the General Manager of the Heritage Hotel Manila on 31 December 2025

The Group Structure

The Philippine Fund Limited Group Structure



As at 31 December 2025

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation 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 _____ on _____, 2026.

By:

Kwek Eik Sheng
Chairman and President

Yam Kit Sung
**Director and General Manager/
Chief Financial Officer**

Alain Charles J. Veloso
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2026
affiant(s) exhibiting to me their Community Tax Certificates/Passports, as follows:

Names	CTC/Passport No.	Date of Issue	Place of Issue
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Notary Public

Doc. No.
Page No.
Book No.
Series of 2026.

GRAND PLAZA HOTEL CORPORATION

6 May 2026

Statement of Management’s Responsibility for Financial Statements

SECURITIES AND EXCHANGE COMMISSION

CCP Complex

Pasay City

The management of **Grand Plaza Hotel Corporation** (the “**Company**”), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as at and for the years ended **December 31, 2025 and 2024**, in accordance with the 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, including the schedules attached therein, and submits the same to the stockholders or members.

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

Kwek Eik Sheng
Chairman and President

Yam Kit Sung
Director, General Manager & Chief Financial Officer

Subscribed and sworn to before me a notary public for and in the City of _____ this _____ day of _____ 2026, the signatories exhibiting to me their Community Tax Certificates/Passports details of which are as follows:

Name	Community Tax Certificate/ Passport Number	Date	Place of Issue
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Notary Public

Doc. No.
Page No.
Book No.
Series of 2026

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation 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 SINGAPORE on 11 MAY 2026, 2026.

By:



Kwek Eik Sheng
Chairman and President



Yam Kit Sung
**Director and General Manager/
Chief Financial Officer**

notary attestation to
Kwek Eik Sheng and Yam Kit Sung only



Alain Charles J. Veloso
Corporate Secretary

SUBSCRIBED AND SWORN to before me this ____ day of _____ 2026
affiant(s) exhibiting to me their Community Tax Certificates/Passports, as follows:

Names	CTC/Passport No.	Date of Issue	Place of Issue
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Notary Public

Doc. No.
Page No.
Book No.
Series of 2026.

GRAND PLAZA HOTEL CORPORATION

6 May 2026

Statement of Management's Responsibility for Financial Statements

SECURITIES AND EXCHANGE COMMISSION

CCP Complex

Pasay City

The management of **Grand Plaza Hotel Corporation** (the "**Company**"), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as at and for the years ended **December 31, 2025 and 2024**, in accordance with the 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, including the schedules attached therein, and submits the same to the stockholders or members.

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



Kwok Eik Sheng
Chairman and President



Yam Kit Sung
Director, General Manager & Chief Financial Officer

notary attestation



Subscribed and sworn to before me a notary public for and in the City of _____ this _____ day of _____ 2026, the signatories exhibiting to me their Community Tax Certificates/Passports details of which are as follows:

Name	Community Tax Certificate/ Passport Number	Date	Place of Issue
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Notary Public

Doc. No.
Page No.
Book No.
Series of 2026

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation 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 Taguig on 13 May, 2026.

By:



Kwek Eik Sheng
Chairman and President



Yam Kit Sung
**Director and General Manager/
Chief Financial Officer**



Alain Charles J. Veloso
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 13 day of May 2026
affiant(s) exhibiting to me their Community Tax Certificates/Passports, as follows:

Names	CTC/Passport No.	Date of Issue	Place of Issue
Alain Charles J. Veloso	Passport ID No. P0173706B	09 January 2019	DFA NCR West

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Notary Public

Nestor Fernando Siazon
NESTOR FERNANDO SIAZON
Notary Public for Taguig City
Appointment No. 210 valid until 31 December 2026
16th Floor One/NEO Building, 26th Street corner 3rd Avenue
Crescent Park West, Bonifacio Global City, Taguig City 1634
Roll of Attorneys No. 73653
PTR No. 6767084 issued on 08 January 2026; Taguig City
IBP Membership Receipt No. 536759; 01/07/2026; Makati
MCLE Compliance No. VIII-0014604; valid until 14 April 2026

Contextual Information

Company Details	
Name of Organization	Grand Plaza Hotel Corporation ("Corporation")
Location of Headquarters	10 th Floor, Heritage Hotel Manila, EDSA corner Roxas Blvd. Pasay City
Location of Operations	Same as above
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	none
Business Model, including Primary Activities, Brands, Products, and Services	The Corporation owns The Heritage Hotel Manila, a deluxe class hotel that offers 450 rooms and facilities and amenities such as restaurants, function halls, and a coffee shop, as one operating segment.
Reporting Period	31 December 2025
Highest Ranking Person responsible for this report	General Manager

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.¹⁴

For the Corporation's submission of this Sustainability Report, the Corporation identified the material topics which are deemed relevant to the operations of the Corporation and the Hotel on the basis of the Sustainability Accounting Standards Board (SASB) Materiality Map, specifically, for the Hotels & Lodging industry. The SASB Materiality Map is referenced in the SEC Memorandum Circular No. 4, Series of 2019 on the Sustainability Reporting Guidelines for Publicly-Listed Companies. The Corporation identifies the following issues as most likely to affect the economic, environmental and social impacts of the Corporation:

1. Environmental (Energy Management, Waste and Wastewater Management)
2. Social (Labor Practices, Product and/or Service Quality and Safety)
3. Economic (Supply Chain Management)

¹⁴ See [GRI 102-46](#) (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	502,589,987	PhP
Direct economic value distributed:		
a. Operating costs	255,196,932	PhP
b. Employee wages and benefits	146,031,489	PhP
c. Payments to suppliers, other operating costs	263,512,753	PhP
d. Dividends given to stockholders and interest payments to loan providers	NIL	PhP
e. Taxes given to government	67,893,787	PhP
f. Investments to community (e.g. donations, CSR)	NIL	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
Hotel and F&B Services - This entity generates revenue through the services it offers. The revenue generated benefits both this organization and the government via tax remittances.	Guests, Government, and Community	Management is consistently strong in delivering the stated and well circulated hotel policies and procedures
This entity creates jobs, employment, and other labor opportunities in the hotel and food and beverage industries.	Employees, Government	Management is consistently strong in delivering the stated and well circulated hotel policies and procedures. Weekly manning requisitions are properly monitored.

Hotel and F&B procurement- this entity procured goods and services and produced goods from raw products.	Suppliers, Employees, and Government	Management is consistently strong in enforcing the hotel's stated and widely circulated policies and procedures. The organization has a strong anti-bribery policy in place, and key managers who have been directly exposed are required to take an online exam.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Increased room market inventory in the bay area. Business growth, unstable market demand.	Guests, Organization, and Government	Working on the favorable growth of rooms market share and f&b productions. Competitive promotions and staff incentives are available.
Labor availability – certain skills and capabilities are required in the delivery of the services.	Employees, Organization	Strong coordination with agency providers and well sourced manning procurement are available.
Procurement bribery, unstable prices and availability of goods and services.	Suppliers, Employees, and Government	In placed policy and procedures.
Incidence of procurement bribery, unstable prices and availability of goods and services.	Guests, Organization, and Government	In placed policy and procedures.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Increased business influx due to infrastructural and financial upswing progress within the area.	Guests, Organization, and Government	Strong campaigns, and strategic planning are in place.
Employee empowerment	Employees, Organization	Human resource department is equipped with different approaches for employees growth.
Local suppliers growth and local economic advantage.	Suppliers, Employees, and Government	Management is backed with policies and procedures in assessing suppliers and depends on local farmers and suppliers.

Climate-related risks and opportunities¹⁵

The Corporation does not have sufficient information to fully assess the climate-related risks and opportunities at this stage. The Corporation has yet to implement certain metrics and targets to assess and manage the relevant climate-related risks and opportunities at this stage. The Corporation has implemented measures to reduce energy consumption, promote energy efficiency, and reduce wastes.

Governance	Strategy	Risk Management	Metrics and Targets
N/A	N/A	N/A	N/A
<i>Recommended Disclosures</i>			
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

N/A	N/A	N/A	N/A
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¹⁵ 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.

¹⁶ For this disclosure, impact refers to the impact of climate-related issues on the company.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
<i>Percentage of procurement budget used for significant locations of operations that is spent on local suppliers</i>	108	%

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 majority of goods and services are provided by local companies. Dealing with local suppliers has the advantage of lower delivery costs and better product quality. Local suppliers are preferable because they are less expensive, easier to reach, and grown locally.	Guests, Suppliers, Community, Government.	Management prefers local suppliers due to easy access, lower delivery charges, lower carbon footprint, and higher quality of goods. Existing policies and procedure are in place.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

The availability of the type of goods and services required may not be sufficient to meet the needs based on standard requirements, either in terms of volume or quality.	Guests, Suppliers, Government.	Management will assess and apply the existing procedure in order to address any problems.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Locally sustainable, local economic growth, wide choices, and cheaper price.	Guests, Suppliers, Government.	Management weighs decision based on the contribution an option may bring.

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	108	%
Percentage of business partners to whom the organization’s anti-corruption policies and procedures have been communicated to	108	%
Percentage of directors and management that have received anti-corruption training	108	%
Percentage of employees that have received anti-corruption training	108	%

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	nil	#
Number of incidents in which employees were dismissed or disciplined for corruption	nil	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	nil	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	
Energy consumption (gasoline)	N/A	
Energy consumption (LPG)	69,380	kwh
Energy consumption (diesel)	420,850	ltr
Energy consumption (electricity)	5,917,988	kwh

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
Energy consumption is based on the daily operation/ needs of the hotel and depends on the quantity of the hotel guest	Management, hotel employees, suppliers, and hotel guests	Establish energy conservation committee led by the Certified Energy Manager who will conduct training and seminars regarding energy conservation
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The lesser the consumption, the lesser the cost and harm to the environment	Management and hotel employees	To conduct monthly meeting and training on energy conservation
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
To have proper preventive maintenance of all major equipment to help reduce electricity consumption	Management and hotel employees	To have energy conservation committee and to have an Certified Energy Manager

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	133,604	Cubic meters
Water consumption	149,220	Cubic Meter

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 also based and depends on the daily operation and occupancy of the hotel	Management, hotel employees, suppliers, and hotel guest	Establish water conservation committee led by the Certified Energy Manager who will conduct training and seminars regarding energy conservation
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The higher consumption, the higher the cost	Management and hotel employees	To have a monthly meeting to monitor the action plan regarding water conservation
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Materials used by the organization

The Corporation has no sufficient information to assess the impact under this category as of this reporting period.

Disclosure	Quantity	Units
Materials used by weight or volume		
<ul style="list-style-type: none"> renewable 	-	kg/liters
<ul style="list-style-type: none"> non-renewable 	-	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	-	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A		

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

The Corporation has no sufficient information to assess the impact under this category as of this reporting period.

Disclosure	Quantity	Units
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Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	
Habitats protected or restored	-	
IUCN ¹⁷ Red List species and national conservation list species with habitats in areas affected by operations	-	

What is the impact and where does it occur? What is the	Which stakeholders are affected?	Management Approach
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¹⁷ International Union for Conservation of Nature

organization's involvement in the impact?		
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	--	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	--	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	--	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Air pollutants

Disclosure	Quantity	Units
NOx	32.49	Mg/Nm3
SOx	2.60	Mg/Nm3
Particulate matter (PM)	2.2	Mg/Nm3

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
To conduct and pass the smoke emission testing required by DENR (Department of Environment of Natural Resources)	Employees, environment committee	To have refresher course training related to Environmental issues/impact.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Failure to comply may lead to negative impact of hotels reputation and cause business operational failures and shutdown.	Employees, environment committee	To have refresher course training related to Environmental issues/impact.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Proper maintenance of our Boilers and Generators	Employees	To attend seminars conducted by the DENR and other related agency concerning to the environment.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	50,060	kg
Recyclable	6,602	kg
Composted	6,320	kg
Incinerated	6,790	kg
Residuals/Landfilled	26,299	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
Improper handling of solid waste materials may lead to health and environment hazards	Employees, environment, and community	To have a refresher course related to Environmental issues / impact
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Failure to comply may lead to negative impact of hotels reputation and can cause	Employees, environment, and community	To have a refresher course related to Environmental issues / impact
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
To have awareness and be educated on how to handle proper waste management	Employees	To attend seminars conducted by the DENR and other related agency concerning to the environment.

Hazardous Waste

Disclosure	Quantity	Units
Total waste of hazardous waste generated	1,502	kg
Total weight of hazardous waste transported	1,502	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
To control and reduce the use of hazardous waste materials	Management, employees and the environment	To conduct seminar regarding solid waste management
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Failure to comply may lead to negative impact of hotels reputation and cause business operational failures and shutdown.	Employees, environment committee	To conduct seminar regarding solid waste management

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
To focus on the hazardous waste management program and ensure proper handling of waste materials	Management, employees and the environment	To have seminar and program regarding proper handling of hazardous waste management

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	133,604	Cubic Meter

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

To conduct monthly water sampling and pass the new parameters required by LLDA	Management, employees and community	To comply with the new law DAO-2021-19 "Water Quality Guidelines" (WQG) and General Effluent Standards for selected parameters
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What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Failure to comply with the new standard and parameters given by the LLDA (Laguna Lake and Development Authority) can cause to business closure	Management, employees and community	To comply with the new law DAO-2021-19 "Water Quality Guidelines" (WQG) and General Effluent Standards for selected parameters

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
To avoid being penalized by the local government if not doing and following the new set of parameters	Management, employees and community	To comply with the new law DAO-2021-19 "Water Quality Guidelines" (WQG) and General Effluent Standards for selected parameters

Environmental compliance

Non-compliance with Environmental Laws and Regulations

The Corporation has no sufficient information to assess the impact under this category as of this reporting period.

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	-	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	-	#
No. of cases resolved through dispute resolution mechanism	-	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

SOCIAL

Employee Management Employee

Hiring and Employee Benefits Data

Disclosure	Quantity	Units
Total number of employees ¹⁸	176	
a. Number of female employees	60	#
b. Number of male employees	116	#
Attrition rate ¹⁹	10.06%	rate
Ratio of lowest paid employee against minimum wage	695/695	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	60	116
PhilHealth	Y	60	116
Pag-ibig	Y	60	116
Parental leaves	Y	1	-
Vacation leaves	Y	60	116
Sick leaves	Y	60	116
Medical benefits (aside from PhilHealth))	Y	HMO Medicaid	HMO Medicaid
Housing assistance (aside from Pag-ibig)	N	-	-
Retirement fund (aside from SSS)	Y	Retirement Pay	Retirement Pay
Further education support	N	-	-
Company stock options	N	-	-
Telecommuting	N	-	-
Flexible-working Hours	N		
(Others)	N	-	-

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The availability of these benefits for the employees provide them with a sense of security and impacts their productivity.	The hotel has a complete and broad SOPs that are in place to implement in-house benefits. HR department also assists the employees in availing said government benefits. From time to time seminars are conducted internally.

¹⁸ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

¹⁹ 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
Employees become unhappy, demotivated, and unproductive. May form or join a union.	Management has put in place various Employee Engagement Programs
What are the Opportunity/ies Identified?	Management Approach
Keeping the employees happy and motivated will result to productive work output.	Engagement Programs – Employee Training & Development, Various Employee

Employee Training and Development as of December 31, 2025

Disclosure	Quantity	Units
Total training hours provided to employees	10371.9	
a. Female employees	3535.86	hours
b. Male employees	6836	hours
Average training hours provided to employees		
a. Female employees	58.93	hours/employee
b. Male employees	58.93	hours/employee

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
This impacts the competency level of the employees.	Hotel has a Training & Development program in place.
What are the Risk/s Identified?	Management Approach
Competitiveness of employees / Quality of employees can be affected	Performance Management is done twice a year.
What are the Opportunity/ies Identified?	Management Approach
Properly Administered, this will reduce employee turnovers.	All hotel departments have their own coach-in-action.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	N/A	%
Number of consultations conducted with employees concerning employee-related policies	N/A	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Although there is no union in the hotel, we have active employee participation in all employee-related activities.	Management fully supports all employee activities that happen on a daily basis.
What are the Risk/s Identified?	Management Approach
Risk is the revival of unions in the hotel.	Hotel has a regular program of administered by all employees. This is handled by various committees and involves employees from all levels.
What are the Opportunity/ies Identified?	Management Approach
These programs are geared towards achieving high productivity levels and industrial peace.	Management encourages & fully supports all of these programs for employees.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	60	-
% of male workers in the workforce	116	-
Number of employees from indigenous communities and/or vulnerable sector*	N/A	#

**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
Negligible impact on the organization because it fully respects & supports diversity & equal opportunity.	Management has in place pertinent SOPs to address said issues and follows these.
What are the Risk/s Identified?	Management Approach

Very minimal risk of a lawsuit	Hotel is transparent in handling of issues, should there be any.
What are the Opportunity/ies Identified?	Management Approach
Hotel is considered preferred by employees because of its non-discriminatory approach to staff engagement and involvement in activities and tasks.	Management is very open-minded about these situations.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	312,960	Man-hours
No. of work-related injuries	12	#
No. of work-related fatalities	N/A	#
No. of work related ill-health	N/A	#
No. of safety drills	1	#

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
Impacts the labor standards compliance of the organization & eventually its reputation in the hospitality sector.	Hotel fully ensures that labor standards are strictly followed.
What are the Risk/s Identified?	Management Approach
Fines/penalties that may be implemented by the Department of Labor & Employment.	We have hotel committees tasked to address issues & to rectify accordingly.
What are the Opportunity/ies Identified?	Management Approach
It will lead to a safe working environment that also impacts the happiness index of employees.	Management is strict in the implementation of these measures.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace? Yes, P&P. Policy on anti-sexual harassment and the new law on SafeSpaces Act.

Topic	Y/N	If Yes, cite reference in the company policy
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Forced labor	N	
Child labor	N	
Human Rights	Y	P&P – Policy on Anti Sexual Harassment

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
This situation impacts the reputation & image of the hotel.	Management is quite strict in upholding the rights of its employees.
What are the Risk/s Identified?	Management Approach
Possible lawsuit if not properly handled.	Management does not and will not tolerate violations committed by any of its employees
What are the Opportunity/ies Identified?	Management Approach
Management does not and will not tolerate violations committed by any of its employees	Seminars & legal updates are conducted accordingly.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

N/A

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	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	

What are the Risk/s Identified?	Management Approach
N/A	
What are the Opportunity/ies Identified?	Management Approach
N/A	

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)
1. Tourism	Pasay City	N/A	No	N/A	
2. Entrepreneurship	Pasay City	N/A	No	N/A	
3. Revenue Generating	Pasay City	N/A	No	N/A	

**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: N/A

Certificates	Quantity	Units
FPIC process is still undergoing		#
CP secured		#

What are the Risk/s Identified?	Management Approach
N/A	
What are the Opportunity/ies Identified?	Management Approach
N/A	

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
YTD 2023 Customer Satisfaction Revinate Reviews	4.54	Yes

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
<p>General overall condition of guest rooms and amenities, specifically on the lower floors (levels 3-7).</p> <p>Negative reviews and feedbacks were more on bathrooms condition and feature on levels 3-7. While staff service attitude are consistently on high ranking score.</p>	<p>To consider renovation of the lower floors.</p> <p>To maintain, improve the standard and quality of our services; we continue to train the team; continue aggressive guest engagement and solicit more positive, 5-star reviews.</p>
What are the Risk/s Identified?	Management Approach
It will significantly affect the cost & value, overall appearance of the rooms	YTD Project: Regular Preventive maintenance & repairs of the hotel rooms conducted and prepared by the RPM Team.
What are the Opportunity/ies Identified?	Management Approach
A customer satisfaction review helps the Corporation in improving its services and amenities.	The hotel has a readily available concierge and satisfaction survey forms where customers can share their comments

Health and Safety

The Corporation currently does not have sufficient information to assess the Social impact under this category as of this reporting period.

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	--	#
No. of complaints addressed	--	#

**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
N/A	N/A
What are the Risk/s Identified?	Management Approach
N/A	N/A
What are the Opportunity/ies Identified?	Management Approach
N/A	N/A

Marketing and labelling (Reference: 2023 Guest Reviews via THM Revinate Dashboard)

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling* (Condition of Rooms and Facilities)	29%	#
No. of complaints addressed	102	#

**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
Per guest experiences, 2025 reviews posted on Revinate showed complaints about bathrooms condition. Mostly from non-renovated rooms/floors.	- All reviews are responded within 24/7 - Guests were offered newly-renovated rooms on the 8 th and 9 th floors.

What are the Risk/s Identified?	Management Approach
Impression of the hotel as being “old” or “outdated”	- Capitalize on Service, Friendly Accommodation, Warm Welcome
What are the Opportunity/ies Identified?	Management Approach
Start on renovation projects	- Get support from Corporate to speed up Renovation Projects

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	None YTD	Online reviews
No. of complaints addressed	97% Response rate	Online reviews
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
<p>To register the new member via QR Code or by completing the short on-line registration form or via My Millennium mobile App. To further encourage enrolments, we may continue to leverage the OPERA enrollment option. When using this method, we need to ensure that:</p> <ul style="list-style-type: none"> • The member’s correct email address is updated in OPERA. Any registration using OTA email address are invalid and will not be counted • The consent field is marked “Y” once the guest has agreed to enroll. • Only valid, personal email addresses are captured at the point of enrolment. OTA or third-party booking platform emails should not be used. <p>Once completed, verification e-mail will be sent to the guest’s personal e-mail provided for the sign-up. Guest who agrees with the sign up needs to check inbox to verify e-mail and complete the account registration. Thereafter, the My Millennium membership will be generated. This can increase direct website bookings.</p>	<p>Once the Front Office Team identify who are the non-My Millennium Member/s during guest check in, Front office introduce the My Millennium Programme – MHR My Millennium Loyalty Programme to target guests to become a My Millennium member and to earn my points during their stay in any MHR Property.</p> <p>Guest must agree with the terms & condition related to data privacy by ticking the boxes in the Registration Cards upon check in;</p> <p>Once the guest agrees to be a member, we can proceed with the sign up/enrollment.</p> <p>Once completed, verification e-mail will be sent to the guest’s personal e-mail provided for the sign-up. Guest who agrees with the sign up needs to check inbox to verify e-mail and complete the account registration. Thereafter, the My Millennium membership will be generated.</p>

<p>Any personal data provided will be handled by M&C as a data controller and maybe transferred to and utilized by other MHR Group members and third parties engaged by the MHR Group which includes all data's obtained from the new member</p> <p>Per terms & condition policy, once the membership is accepted, membership in the programme will be governed by the full terms and conditions of the programme. Personal data provided will be handled by M&C as a data controller and maybe transferred to and utilized by other MHR Group members and third parties engaged by the MHR Group.</p>	<p>This membership will help build and develop a larger data base and to encourage customer retention through the brand website.</p>
<p>What are the Risk/s Identified?</p>	<p>Management Approach</p>
<p>Personal data's are being shared through short on-line registration or My Millennium mobile app.</p> <p>Any personal data provided in the form will be handled by M&C as a data controller and maybe transferred to and utilized by other MHR Group members and third parties engaged by the MHR Group.</p>	<p>Guest must agree to the My Millennium terms and conditions upon completing the membership via short on-line registration or My Millennium mobile app.</p> <p>Our hotel DPO conducts the monthly training regarding Data Privacy Law & Privacy Impact Assessment to ensure strict compliance.</p> <p>My Millennium sign-up was strictly monitored as the registrations must be completed in real time while the guest is still on-site. This is crucial because the guest must validate their email address immediately from their inbox to complete the registration. Otherwise, the online registration will not be completed.</p>
<p>Identify the opportunity/ies related to material topic of the organization.</p>	<p>Management Approach</p>
<p>Introduce of the My Millennium program can help increase more bookings direct via short on-line registration or My Millennium mobile App.</p> <p>Possible risk if receiving various service communication via e-mail, including monthly points statements. To manage the communication preference via the preference center on the members My Millennium profile page.</p>	<p>Front Office will register the sign-ups of the new members via short on-line registration or My Millennium mobile app. Once the guest agrees with the terms & condition by ticking the boxes in the Registration Cards upon check in, Front Office will proceed with the enrollment via short on-line registration or guests has the option to sign-up via My Millennium mobile app.</p>

Data Security

The Corporation has no sufficient information to assess the impact under this category as of this reporting period.

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	N/A	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	N/A
What are the Risk/s Identified?	Management Approach
N/A	N/A
What are the Opportunity/ies Identified?	Management Approach
N/A	N/A

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Hotel and Lodging Food and Beverage Service	Decent Work and Economic Growth. The Hotel provides job opportunities and decent working conditions.	The lack of available opportunities offered to the vulnerable sector.	N/A