

SEC Number
File Number

43798

**ETON PROPERTIES PHILIPPINES, INC.
(formerly BALABAC RESOURCES AND
HOLDINGS CO. INC.)**

**8th Floor, Allied Bank Center, 6754 Ayala Avenue
Makati City, Metro Manila, Philippines**

(Company's Address)

(632) 8548 - 4000

(Telephone Number)

December 31

(Fiscal Year Ending)
(month & day)

Annual Report - SEC Form 17-A

Form Type

December 31, 2019

Period Ended Date

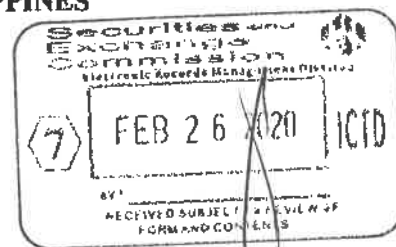
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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



1. For the fiscal year ended: December 31, 2019
2. SEC Identification Number: 43798
3. BIR Tax Identification No. 000-438-132-000
4. Exact name of issuer as specified in its charter: ETON PROPERTIES PHILIPPINES, INC.
5. Province, Country or other jurisdiction of incorporation or organization: Metro Manila, Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of principal office: 8th Floor Allied Bank Center, 6754 Ayala Avenue, Makati City, Metro Manila, Philippines 1200
8. Issuer's telephone number, including area code: (632) 8548-4000
9. Former name, former address, and former fiscal year, if changed since last report: Not Applicable
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 | 5,723,017,872 shares |

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

Yes [] No [x]

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

Not Applicable

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [x]

No []

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

Yes ☒ No ☐

13. The aggregate market value of the voting stock held by non-affiliates of the registrant;

Not Applicable*

*On December 2012, the Exchange approved the petition for voluntary delisting of the Company which took effect on January 2, 2013.

ETON PROPERTIES PHILIPPINES, INC.,
*8th Floor Allied Bank Center,
6754 Ayala Avenue, Makati City
Metro Manila, Philippines*

MANAGEMENT REPORT

ITEM 1 - BUSINESS

1. Business Development

Eton Properties Philippines, Inc. (formerly Balabac Resources and Holdings Co., Inc.) (hereinafter "Eton", or the "Company"), has its registered business address at the 8th Floor, Allied Bank Center, 6754 Ayala Avenue, Makati City, Metro Manila, Philippines. It was originally incorporated and registered with the Philippine Securities and Exchange Commission (hereinafter the "Commission" or "SEC") on April 2, 1971 under the name "Balabac Oil Exploration & Drilling Co., Inc." to engage in oil exploration and mineral development projects in the Philippines. On May 12, 1988, the Company's shares were approved for registration and licensing by the Commission. The Company's shares were first listed with the Philippine Stock Exchange (hereinafter, the "Exchange") in 1989.

On August 19, 1996, the Company's Articles of Incorporation (hereinafter, the "Articles") was amended to change its primary purpose from oil exploration and mineral development to that of engaging in the business of a holding company and to include real estate development and oil exploration as among its secondary purposes.

In 2007, the Company changed its corporate name to the present name being used, i.e. Eton Properties Philippines, Inc.

In 2009, the Company acquired a 12-hectare property, more or less, owned by Paramount Landequities, Inc. (hereinafter, "Paramount") where the Company's Eton Centris project is located. Valued at ₱3,953.17 million, the property was acquired in exchange for 1.6 billion new shares of the Company at a price of ₱2.50 per share, making Paramount the controlling stockholder of the Company with a 55.07% stake.

In the first quarter of 2011, the Company adjusted the value of the shares recorded in its books as well as the related real estate inventories and investment properties accounts to ₱4billion to reflect the agreed exchange price for the acquisition of the property acquired from Paramount.

In the years 2007 and 2008, the Company established Eton City, Inc. (hereinafter, "ECI") and Belton Communities, Inc. (hereinafter, "BCI"), both wholly-owned subsidiaries. These companies were registered on October 8, 2008 and November 5, 2007, respectively.

On October 15, 2010, another subsidiary, FirstHomes, Inc. (hereinafter, "FHI"), was formed as 100% owned by the Company.

On September 29, 2011, the Company incorporated Eton Properties Management Corporation (hereinafter, "EPMC"), a real estate management company organized to manage, operate, lease, in whole or in part, real estate of all kinds, including buildings, house, apartments and other structures of the Company or of other persons provided that they shall not be engaged as property manager of a real estate investment trust.

In 2012, the Company undertook the voluntary delisting of its shares with the Exchange. In compliance with the Tender Offer requirement under the Delisting Rules of the Exchange,

Paramount, the controlling stockholder of the Company, conducted a tender offer from November 7, 2012 until December 13, 2012 for Seventy Three Million Seven Hundred Ninety Eight Thousand Two Hundred Sixty Seven (73,798,267) common shares of the Company in the hands of the public and listed with the Exchange, constituting 2.54% of the total outstanding common shares of the Company. Upon expiration of the Tender Offer Period, a total of Fifty Two Million One Hundred Forty Four Thousand Nine Hundred Ninety Eight (52,144,998) common shares of the Company were tendered out of the Seventy Three Million Seven Hundred Ninety Eight Thousand Two Hundred Sixty Seven (73,798,267) common shares subject of the Tender Offer. On December 12, 2012, the Exchange approved the petition for voluntary delisting of the Company to take effect on January 2, 2013.

As of December 31, 2012, the Company, through Paramount, became a subsidiary of LT Group, Inc. (hereinafter, "LTGI"), a publicly listed company incorporated and domiciled in the Philippines. LTGI's parent company is Tangent Holdings, Inc., a company incorporated and domiciled in the Philippines.

On January 23, 2015, the Commission approved the request of the Company for confirmation of the valuation for the issuance of Two Billion Sixty Seven Million Six Hundred Sixty Nine Thousand One Hundred Seventy Two (2,067,669,172) common shares from the unissued portion of its authorized capital stock at Two Pesos and Sixty Six Centavos (₱2.66) per share for a total of Five Billion Four Hundred Ninety Nine Million Nine Hundred Ninety Nine Thousand Nine Hundred Ninety Seven Pesos (₱5,499,999,997).

In 2015, the Commission approved the Company's increase of its Authorized Capital Stock from Five Billion Pesos (₱5,000,000,000.00) divided into Five Billion (5,000,000,000) common shares with par value of One Peso (₱1.00) per share to Eight Billion Pesos (₱8,000,000,000.00) divided into Eight Billion (8,000,000,000) common shares with par value of One Peso (₱1.00) per share.

Currently, Paramount owns Three Billion Two Hundred Fifty Five Million Three Hundred Fifty Five Thousand Five Hundred Twenty Four (3,255,355,524) common shares, inclusive of Fifty Two Million One Hundred Forty Four Thousand Nine Hundred Ninety Eight (52,144,998) scrippless common shares, of the Company or 56.88% of the Company's total outstanding capital stock. Paramount and its affiliate, Saturn Holdings, Inc., which owns Two Billion Four Hundred Forty Six Million Nine Thousand Seventy Nine (2,446,009,079) common shares of the Company or 42.73% of the Company's outstanding common shares, now collectively own 99.61% of the total outstanding common shares of the Company.

2. Business of Issuer

The Company is the premier real estate arm of LTGI, one of the Philippines' biggest and well-established business conglomerates. The Company has distinguished itself for developing commercial and residential projects in prime locations across Metro Manila and surrounding areas. Eton's diversified portfolio includes commercial centers and office buildings, residential and mixed-use high-rise and mid-rise condominiums, residential subdivisions and township projects.

Commercial Centers and Office Buildings

The Company's massive land bank are some of Metro Manila's most attractive areas, where diverse clientele and mobile markets converge. What the Company builds is just as important as where the Company builds - from accessible business-efficient environments to profitable urban hotspots for retail and dining.

The office projects of the Company are testimony to its commitment to build, not just offices, but centers of convergence. The Company recognizes its role in reinforcing the productivity and complementing the lifestyle of today's employees. Therefore, the Company has designed its office spaces to be accessible, modern, and supported by retail options relevant to the workforce.

The Company's office spaces are strategically located, making it easier for employers to attract the best talent in the area. Its accessibility also enables employees, clients and partners to work together with ease. The Company takes seriously the fundamental requirement in office buildings to maintain optimal productivity and optimum facilities. Offices are built in proximity to modern conveniences, retail outlets and entertainment spots to ensure that all the things that matter are within easy reach of employees, making work-life integration effortless.

The Company is committed in building office developments that meet the high standards of its clients, as well as foster a culture of collaboration and creativity in the cities where its properties can be found. The Company keeps its competitive advantage in the industry through developing projects keeping in mind its promise to never tire of seeking ways to improve and to continue being a developer worthy of respect and trust.

Residential Projects

The Company's residential developments have always exemplified – to provide residents an environment that will allow them to connect with each other, live comfortably and realize their deepest aspirations while nurturing a strong sense of community.

Residential developments of the Company are built to engender an enduring community spirit that will allow residents to thrive. Situated in prime locations, each residential development is within easy access of schools, hospitals, transportation hubs, health and wellness centers, and modern-day conveniences, allowing residents to be within easy reach of everything that matters to their well-being.

These residential projects are safeguarded from the challenges of urban living through purposeful design elements which offers exclusivity and security, transforming each project into sanctuaries where residents can escape the pressures of city life.

The Company recognizes that individuals have various lifestyle needs, hence each of its residential developments has been conceptualized to suit those who share similar expectations and requirements. This creates communities with members who share common aspirations and who may eventually come together to co-create their future.

Property Management

EPMC, the Company's wholly owned subsidiary, maintains the Company's residential and commercial projects located in various sites. EPMC commenced its commercial operations in 2016. EPMC provides cost-effective and innovative business solutions for enhancing asset values and revenue potentials, assuring clients of the Company that they will get the most out of their investment.

Principal products or services and their markets indicating their relative contributions to sales or revenues of each product or service

The following are the Company's commercial centers, office buildings, and other commercial developments:

a. Eton Centris

Eton Centris, a 12-hectare mixed-use development in Quezon City, currently has four components: Centris Station, Centris Walk, Centris Elements, and Cyberpod Centris. Strategically located along EDSA corner Quezon Avenue, Eton Centris easily transforms the area into the soulful side of Quezon City.

Cyberpod Centris is one of Quezon City's largest BPO hubs. To date, it features four BPO office buildings – Cyberpod Centris One, Cyberpod Centris Two and the two-tower Cyberpod Centris Three, with a total gross leasable area of 96,232 square meters. The retail spaces within the four buildings, on the other hand, make up an additional gross leasable area of approximately 4,162 square meters more or less.

Cyberpod Centris Five – is a 25-storey building, fully provisioned with amenities for uninterrupted operations and PEZA registered addresses the growing need for functional office spaces. Its location within the Eton Centris township gives it all the essentials of a 24/7 operation – accessibility to transportation hubs and the convenience of being close to lifestyle, retail and dining outlets.

Centris Walk is a bustling lifestyle hub. Clustered around BPO buildings, it is a courtyard mall that offers a unique mix of dining outlets, specialty shops, and regular entertainment with wide open spaces conducive for outdoor recreation.

In 2017, Centris Walk was expanded to provide more establishments for retail and dining, and a wider selection of entertainment options.

Centris Station is a one-stop-shop, two-level commercial center. It has a direct link to the Quezon Avenue MRT Station and features a number of transport options reaching various destinations. It also hosts a wide array of restaurants and retail stores.

The Elements at Centris is a modern events venue that caters to social and corporate functions. The events space, covering approximately 2,000 sqm, offers two (2) air-conditioned halls, two (2) suites, ample parking space and landscaped gardens.

Centris Steel Parking Buildings 1 and 2 are 4-storey parking facilities that were built to make it convenient for people to come, linger and come back to Eton Centris. They are modern, secure and open 24/7. Both Steel Parking buildings began operations in 2017.

b. Eton Cyberpod Corinthian

Eton Cyberpod Corinthian is strategically situated within the Ortigas CBD, close to the intersection of EDSA and Ortigas Avenue. It is a masterplanned development featuring three low-rise buildings in a self-sustained development. All three buildings provide a gross leasable area of 28,000 square meters with an additional 2,815 square meters dedicated to retail spaces.

E-life is the retail hub of Eton Cyberpod Corinthian featuring an exciting mix of fast food chains, service-oriented shops and specialty stores. E-life caters to BPO office workers within the complex as well as young active professionals.

c. Green Podium

Green Podium is a two-level commercial complex dedicated to the multitude of students of educational institutions along Taft Avenue and Manila's university belt. Green Podium is located within One Archers Place.

d. Eton Square Ortigas

Eton Square Ortigas is poised to be the new neighborhood shopping arcade of San Juan City. It is a one storey retail structure along Ortigas Avenue. The arcade consists of 11 retail shops which boast of high ceiling design for maximum flexibility.

- e. The Mini Suites at Eton Tower Makati** is a unique serviced residence for businessmen for whom a strategic location and value-for-money are important. The Mini Suites offers amenities that matter the most to its users. Located within the Makati financial district, it is close to all major business and commercial destinations and is easily accessible from all points of Metro Manila.

Stylishly designed to convey the vibe of Mini Suites in Causeway Bay, Hongkong, The Mini Suites has 368 rooms across 7 floors (6th-12th) of Eton Tower Makati, comprising 28 family rooms and 340 single/double rooms. To better serve its tenants, The Mini Suites offers various amenities such as a gym, a meeting room, business center facilities, restaurant, a medical clinic, free wifi in all rooms and public areas, non-smoking rooms and designated smoking areas, parking lots for guests, housekeeping services, and front desk assistance.

The following are the Company's commercial centers, office buildings, and other projects under development:

- a. WestEnd Square** is a prime business, mixed-use development in the West of Makati. Envisioned to be the co-lifestyle capital of the Philippines, it is a one-hectare development that will be home to the already existing Belton Place, a mixed use tower, office spaces, and a compact but comprehensive boutique mall. Bounded by Chino Roces Avenue, Yakal and Malugay Streets, it is near the major thoroughfares of Ayala and Gil Puyat Avenues, offering access to countless career, dining, retail, and entertainment options.

eWestPod has four floors of office spaces. Its sleek, modern architecture provides a glimpse of the functionality and efficiency it offers to locators while its strategic location ensures ease of access for those who will work there.

eWestMall is the boutique mall within the development and it has two floors of retail and commercial units offering dining, entertainment, and shopping options. It will serve as the area's neighborhood center.

Blakes Tower is a 36-storey tower composed of Blakes Offices which offers modern office suitable for start-ups and BPOs; and Blakes Residences that will feature modern shared living spaces designed for forward-thinking millennials.

Blakes Tower will have shared amenities such as breakout rooms and lounge areas which are envisioned to serve as a respite for tenants, guest and employees alike.

- b. NXTower I** caters to the continuously growing demand for vibrant and dynamic office spaces. NXTower I is a 30-storey tower that will rise between Emerald Avenue and Ruby Road in the Ortigas Central Business District. It will offer larger spaces and amenities designed to make 24/7 operations seamless and possible. It is accessible to transportation

hubs as well as all the conveniences of modern city life. NXTower I will serve as the Company's landmark development in Ortigas with 21,000 sq.m. gross leasable area.

- c. **Eton Bay Square** is positioned to be a well-integrated, mixed-use development along Roxas Boulevard offering a boutique hotel, office spaces, retail areas, and a modern sports facility.

The boutique hotel will be exceptional and one of its kind, offering not just rooms but experience. The hotel positions itself in combining business and leisure travel to boost traveler well-being and productivity.

The office building to be registered with PEZA, will have desirable office floor plates suitable for BPO locators.

The sports facility combined with a humble array of retail spaces will be a testament to 'live-work-play' vibe of the entire complex.

The following are the Company's residential developments:

- a. **Completed Residential Developments**

The Eton Residences Greenbelt. Rising 39-storeys with two basements, The Eton Residences Greenbelt features well-appointed one-bedroom, two-bedroom and three-bedroom loft units. With wide bedroom and living room windows, it offers a good view of the Makati skyline and Greenbelt Park for the upscale market. Its amenities include an adult and kids' swimming pools, a zen-inspired meditation garden, outdoor Jacuzzi, function room, fitness center, and a children's playground. It is equipped with four high-speed elevators, an air conditioned main lobby, 100% standby emergency power and guest annunciator for all units.

Eton Parkview Greenbelt. Sitting at the heart of the Makati business district, this 33-storey all-loft development is the preferred residence of office executives who would like to have a second home during weekdays. It offers spacious one-bedroom and two-bedroom loft units with wide living spaces, high ceiling, large windows, and a good view of the Washington SyCip, Park and Legaspi Park. Its amenities include a reception lobby, landscaped gardens, swimming pool, function room, fitness center, and a children's play area.

Belton Place. This project answers the high demand for residential accommodation among executives who work in the BPO sector in the surrounding area and students from nearby universities. A self-contained residential condominium close to Ayala Avenue and Sen. Gil Puyat Avenue, it offers competitively-priced studio and one-bedroom units. It has a function room, fitness center, swimming pools, meditation pockets and children's play area.

Eton Emerald Lofts. Located at the corners of F. Ortigas, Jr. and Garnet Avenues, Eton Emerald Lofts offers residents the convenience of being right at the heart of the Ortigas business district. It is close to major malls as well as key cities via MRT. Eton Emerald Lofts also offers retail shops at the ground floor. Rising 36 storeys, it offers one bedroom and two bedroom lofts. Its sixth floor is an amenity deck with leisure facilities such as adult and children's swimming pools, an equipped fitness gym, a function room and children's playground.

Eton Baypark Manila. Situated at the corner of Roxas Boulevard and Kalaw Street, the 29-storey Eton Baypark Manila offers a panoramic view of Manila Bay, the historic Rizal Park and Intramuros. Decked with fully-furnished units, its amenities include an adult and children's pool, function room and fitness center.

One Archers Place. Located close to Manila's top education institutions, this development along Taft Avenue is designed for students and young professionals. This 31-storey twin tower residential condominium offers competitively-priced studio and one-bedroom flats with lifestyle amenities, and two floors of retail and dining choices. Located near the LRT station and within easy reach of the Makati business district, One Archers Place offers a prime investment opportunity with its strong leasing potential brought about by year-round tenant demand.

8 Adriatico. Located in Manila's tourist and business district, 8 Adriatico is a 42-storey SOHO (Small office/Home office) and residential condominium units that offers the conveniences of urban living. There are studio units for small office/home office use; and two-bedroom, one-bedroom, and studio units for residential use. Amenities include separate lobby for residential SOHO units, swimming pools, a fitness center, function room, and a landscaped garden.

68 Roces is a secured gated community and an upscale luxury residences. Boasting of a superb location along Don Alejandro Roces Avenue in Quezon City, 68 Roces is close to schools, hospitals, commercial and recreation centers. Its amenities include a 24-hour security (CCTV) system covering the whole development, an electric perimeter fence, clubhouse, function room, adult and kids' swimming pools, children's play area, green pathways, lush landscaping and an arcade commercial strip.

Eton Tower Makati occupies the corner of De la Rosa and VA Rufino Streets in Legaspi Village Makati. The 41-storey Eton Tower Makati is located right at the corridors of business, and is designed to meet the needs of executives. It features executive residences, serviced apartments and SOHO units, and a mix of retail and food options at a 2-storey retail area at the ground floor. Amenities include three-storey tower gardens, swimming pools, jogging paths, a function room and a gym. It is the first high-rise residential condominium to have a direct connection to the Makati Central Business District's (CBD) elevated walkways.

Below are the commercial and residential developments of the Company's wholly owned subsidiaries:

a. Eton City, Inc.

Eton City

Eton City is one of two flagship township projects of the Company, dubbed as the Makati of the South. Its aim is to create vibrant lifestyle communities for middle and high-end market. Also taking shape in the area are prime office locations as well as a broad range of commercial and resort-type recreational facilities.

Eton City's total land area of almost approximately 600 hectares is carefully planned to be the township of choice in Sta. Rosa, Laguna, a fast emerging business growth center that maintains its suburban feel. Conveniently located along both sides of the South Luzon Expressway, its prime location offers supreme accessibility to residents from Alabang, Makati and Taguig. Eton City showcases unique enclaves meant for diverse markets. It will soon house and will be home to a world class business district.

Eton City aspires to become a self-sustaining community that focuses on the wellbeing of individuals, promoting an active, healthy, and sustainable lifestyle.

South Lake Village is a high-end, first-of-its-kind island lot development. South Lake Village in Eton City is a 78-hectare residential enclave made up of distinct island lots surrounded by a 35-hectare man-made lake. It embodies the Company's vision to create high-value developments that match the lifestyle needs of its target market.

Riverbend at Eton City is a residential community with natural elements integrated into its modern Asian contemporary design. Features and amenities include a clubhouse, swimming pool, basketball court, 24-hour security, and playgrounds. Conveniently located close to the Eton City Exit, this community sits right beside the future University of Sto. Tomas Sta. Rosa campus.

Village Walk is a 5.5 hectare commercial strip that will be home to a varied mix of retail and dining establishments. It is envisioned to become a vibrant commercial hub offering diverse lifestyle choices for shoppers and foodies.

Tierrabela is the latest addition to Eton City. It is an 8.7-hectare residential development decked with lifestyle amenities and lush greenery. It features lot areas starting at 200 square meters and is designed to be an Italian-Mediterranean community. It is easily accessible from the emerging business district in the south, many recreational facilities and retail and leisure destinations.

Eton City Square Phase 1 is a neighborhood retail and commercial center that will serve communities in Sta. Rosa, it is an ideal space for families, friends and travelers to come together with its relaxed atmosphere and array of services and conveniences.

It will also feature wide open spaces suitable for health and wellness activities, musical events, as well as corporate functions. Easily accessible via Eton City Exit along South Luzon Expressway, it will emerge as a landmark in Southern Metro Manila, serving as a magnet attracting the growing population of Sta. Rosa, Laguna and neighboring environs, as well as weekend travelers in search of a pit stop.

b. Belton Communities, Inc.

BCI caters to the mid-market segment. From well-located communities to exciting amenities and features, its projects are ideal for families who want a home that they can proudly call their own.

BCI's first foray in creating a family-centric neighborhood is North Belton Communities, a 10.8-hectare development consisting of three residential enclaves: The Manors, West Wing Residences and West Wing Villas.

North Belton Communities (NBC) is located in Northern Quezon City. NBC offers the advantages of city living in a suburban environment. The project is 10 minutes away from major commercial centers and is readily accessible through main thoroughfares such as EDSA, Quirino Highway, Mindanao Avenue, Tandang Sora, MRT Hub, and the North Luzon expressway via Mindanao Avenue.

The Manors found in NBC, is a cluster of mid-rise residential condominiums covering 2.7 hectares and is just across SM Hypermarket. It features a clubhouse, swimming pool and basketball court, round-the-clock security, perimeter fence, a wide entrance road and guarded entrance gate. The Manors offers a choice of studio, two-bedroom, and three-bedroom units.

West Wing Residences is a 2.2-hectare residential subdivision within NBC. It offers competitively-priced two-bedroom and three-bedroom townhouses, and for large families, three-bedroom and four-bedroom house and lots which provides more space to grow. Its lifestyle amenities include a clubhouse, swimming pool, multi-purpose court, basketball court and playground.

West Wing Villas is the 5.2-hectare prime phase of NBC. This cluster comes with a choice of three-bedroom to four-bedroom units, designed for bigger families. It offers different options from the single detached units covering 80-110 square meters. All units are designed and equipped to provide for the living needs of families. Amenities include a clubhouse, swimming pool and basketball court.

West Wing Residences at Eton City offers two-storey modern residential homes inspired by contemporary American architecture within a self-contained community within Eton City. The community offers lifestyle amenities such as a clubhouse, swimming pool, landscaped gardens, children's playground, barbeque areas and a multi-purpose court. Located near the future commercial districts of Eton City, next to the Eton City interchange along SLEX, it is accessible to important destinations and shopping centers, schools, hospitals, golf courses, and the newest leisure spots in the South.

c. FirstHomes, Inc.

FHI is positioned as a brand that caters to the broad affordable market segment. FirstHomes was originally offered to provide innovatively-designed and fully-furnished compact condominium units in major growth centers such as Makati and Quezon City.

In 2016, FHI sold its 4,820 sq.m. property located in Loyola Heights, Quezon City to Eton following the direction to consolidate all residential developments in Eton.

Product line/Business Lines (with 10% or more contribution to 2019 consolidated revenues):

| | |
|---|--------|
| Residential Projects | 42.98% |
| Commercial Centers and Office Buildings | 51.53% |
| Rooms and other operated department | 5.49% |

Percentage of sales or revenues and net income contributed by foreign sales for each of the last three years

Not Applicable

Distribution methods of the product or services

The Company markets its projects to office locators and commercial tenants, and the residential market segment through various sales and marketing channels. The Company employs in-house leasing and sales teams which coordinates with business entities for leasing opportunities in the Company's various projects.

Status of any publicly-announced new product or service

Status of all publicly-announced new projects is already included in item 2 – Properties of this report.

Competitive business conditions and the registrant's competitive positions in the industry and methods of competition

Location is the main differentiator for Eton's projects. As showcased in its various developments, location plays a major role in land development. All of the Company's residential, township, commercial centers and BPO offices are set in prime locations in the country's major cities and growth areas, offering more value for communities surrounding the project, outsourcing firms and office locators and retail tenants.

Ayala Land, Megaworld, Filinvest Land and Robinsons Land are the Company's main competitors.

Development of the business of the registrant and its key operating subsidiaries during the past three years

In the past three years, the Company focused on completing the development of its existing high-end residential condominiums and land development projects, mixed use township/commercial development and BPOs. The Company likewise completed the development of Cyberpod Centris Five.

At present, the Company is also completing the development of WestEnd Square Phase 1 & 2, a mixed-use residential and commercial development and Eton City Square a retail complex in Sta. Rosa, Laguna. The Company also launched the construction of NXTower I the first office building of the Company in Ortigas Center.

Property Development

ECI, incorporated in 2008 and 100% owned by the Company, offers a first of its kind development in the country inspired by next generation waterfront cities. ECI's projects for the past three years include South Lake Village, Riverbend, Village Walk and Tierrabela, all located in Sta. Rosa, Laguna. In 2018, ECI launched the construction of the first retail complex in Eton City the Eton City Square.

BCI, incorporated in 2007 and 100% owned by the Company, caters to the middle income market segment. BCI's projects after three years including its initial developments are North Belton Communities' The Manors which features 10 clusters of 5-storey mid-rise condominium, West Wing Residences at NBC, West Wing Residences at Eton City and West Wing Villas at NBC.

FHI was incorporated in 2010 and is 100% owned by the Company.

Property Management

EPMC, the Company's wholly owned subsidiary, maintains the Company's residential and commercial projects located in various sites. EPMC commenced its commercial operations in 2016.

Any bankruptcy, receivership or similar proceedings

Of the four (4) subsidiaries owned by the Company, none are undergoing bankruptcy, receivership or similar proceedings.

Any Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (not ordinary)

None

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

The Company has a wide network of suppliers, both local and foreign.

Dependence on one or a few major customers and identify any such major customers

The Company has a wide customer base and is not dependent on any one or a limited number of customers.

Transactions with and/or a few major customers and identify any such major customers

Not Applicable

Patents, trademarks, licensees, franchises, concessions, royalty, agreements or labor contracts, including duration

The trademark of the following names and devices were approved by the Intellectual Property Office (IPO):

| Year | Names and/or Devices |
|------|---|
| 2008 | <ul style="list-style-type: none"> a. Eton City b. Eton corporate name and device c. The Eton Residences Greenbelt d. Eton Baypark Manila e. Eton Centris f. Move-in Ready labels |
| 2009 | <ul style="list-style-type: none"> a. The Makati of the South b. Eton Emerald Lofts |
| 2011 | <ul style="list-style-type: none"> a. Centris Walk b. Eton Tower Makati c. Riverbend d. Eton Parkview Greenbelt e. Southlake Village f. Eton Cyberpod g. Centris Station h. 8 Adriatico i. Belton Place j. E-life k. West Wing Villas l. Green Podium |

| | |
|------|--|
| | <ul style="list-style-type: none"> m. Aurora Heights Residences n. West Wing Residences o. One Archers Place p. 68 Rocas |
| 2012 | <ul style="list-style-type: none"> a. West Wing Tropics b. One Centris Place |
| 2016 | <ul style="list-style-type: none"> a. The Mini Suites b. Eton WestEnd Square |
| 2017 | <ul style="list-style-type: none"> a. Station Alley at Centris b. Arcada c. Eton Nexus Tower d. NXTower e. Eton "NXT" Tower f. The Courtyard at Eton City |
| 2018 | <p>Marks applied for in 2018 which were issued Notice of Allowance, thus, considered registered marks:</p> <ul style="list-style-type: none"> a. Centris Cyberpod b. Centris Elements c. Cyberpod Centris d. Cyberpod Centris One e. Cyberpod Centris Two f. Cyberpod Centris Three g. Cyberpod Centris Five h. Cyberpod One i. Cyberpod Two j. Cyberpod Three k. Cyberpod Five l. Eton City with different graphical representation |

In 2018, the following names and devices were applied with the IPO:

- | | |
|-----------------------------|--|
| a. Centris Cyberpod | l. Cyberpod Three |
| b. Centris Elements | m. Cyberpod Five |
| c. Cyberpod Centris | n. Eton Centris with different graphical representations |
| d. Cyberpod Centris One | o. Centris Walk with different graphical representation |
| e. Cyberpod Centris Two | p. Centris Station with different graphical representation |
| f. Cyberpod Centris Three | q. Eton City with different graphical representation |
| g. Cyberpod Centris Five | |
| h. Eton Cyberpod Corinthian | |
| i. Elements at Centris | |
| j. Cyberpod One | |
| k. Cyberpod Two | |

Eton corporate name and device, Eton Residences Greenbelt, and Eton Baypark Manila were reapplied with the IPO.

These trademarks shall be valid for a period of ten (10) years from notice of approval.

Need of any government approval of principal products or services

The Company is compliant with the requirements of all relevant government agencies in securing licenses to sell, development permits, Environmental Compliance Certificate (ECC) and all other mandated requirements of the industry.

Effects of existing or probable government regulations on the business

The Company strictly complies with, and adheres to, existing and probable government regulations in the conduct of its business.

Estimate of the amount spent during each of the last three fiscal years on research and development activities, and its percentage to revenues during each of the last three fiscal years

The amount spent for pre-development activities of the Company for the past three years did not amount to a significant percentage of revenues.

Cost and effects of compliance with environment laws

The Company's development plans provide for full compliance with environmental safety and protection in accordance with law. The Company provides the necessary sewage systems and ecological enhancements such as open space landscaping with greenery.

The Company complies with the various government requirements such as Environmental Compliance Certificate, development permit and license to sell, among others and incurs expenses for complying with the various environmental laws. This consists mainly of payments of government regulatory fees which are standard in the industry and are minimal to the Company.

Total number of employees and number of full time employees

The Company has 391 and 400 employees at the close of the calendar year December 31, 2019 and 2018, respectively. The breakdown of the Company employees as of December 31, 2019, according to type is as follows:

| | |
|---------------|------------|
| Executive | 20 |
| Managers | 92 |
| Officers | 66 |
| Supervisors | 65 |
| Rank and File | <u>148</u> |
| Total | <u>391</u> |

The Company will continue to hire qualified and competent employees for the next twelve months to support its plans and programs to achieve revenue and growth as well as efficiency targets. The Company's employees do not belong to any labor union or federation.

At present, its employees receive compensation and benefits in accordance with the Labor Code of the Philippines.

Discussion on the major risks/s involved in each of the businesses of the Company and subsidiaries. Disclosure of the procedures being undertaken to identify, assess and manage such risks.

Competitor Risk

The Philippine real estate development industry is highly competitive. The Company believes that it is a strong competitor in this industry due to its product offerings and the location of its projects. The Company strives to provide real estate developments which are innovative and customer-focused to ensure that requirements of its clients are fulfilled on all fronts. Likewise, the Company believes that the prime locations of its developments allow it to effectively compete in the industry and this will continue in the coming years due to the Company's

significant landholdings in prime locations within and outside of Metro Manila.

Market Risk

Currently, majority of the Company's commercial spaces are leased-out to entities in the BPO industry. Should the country experience a slowdown in performance and growth of this sector of the economy, the Company is exposed to the risk of lower occupancy, reduction in rental rates and late or non-payment of rentals.

While forecast for the BPO industry remains bullish, the industry is sensitive to changes in government policies particularly with respect to the tax holidays it currently enjoys. Political uncertainty and peace and order problems may likewise affect the growth of this industry as experienced in the past. Despite this, the outlook for the BPO industry continues to be positive as the country remains to be one of the top BPO destinations in the world.

The Company's residential sales on the other hand is exposed to the cyclical nature of the real estate industry. As seen in the past, the real estate industry has the tendency to expand and contract depending on the movement of interest rate and the confidence in the Philippine economy.

Regulatory Risk

The Company operates in a highly regulated environment and is affected by the development and application of regulations in the Philippines. The development of real estate projects for commercial and retail leasing and residential and vertical housing is subject to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits.

The Company closely monitors all government regulatory requirements and institute measures to strictly comply with them.

Credit Risk

The Company is exposed to credit risk from its leasing and residential sales. To manage the credit risk from residential sales, the Company has ceased to offer in-house financing to its buyers. Instead, buyers are encouraged to either pay in cash, avail of a deferred cash payment term or secure financing from banks to finance their property acquisition.

Credit risk from leasing, on the other hand, is minimal given the profile of the Company's tenants. The terms of the Company's leases are likewise structured to mitigate credit risks.

Financial Risk

Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect in the Company's and its customers' ability to obtain financing. Higher interest makes it more expensive for the Company to borrow funds to finance its ongoing projects or to obtain financing for new projects. In addition, the Company's access to capital and its cost of financing are also affected by restrictions such as single borrower limits imposed by Bangko Sentral ng Pilipinas (BSP) on bank lending. These could materially and adversely affect the Company's business, financial condition and results of operation.

In order to reduce its earnings volatility, the Company has targeted to significantly increase revenues from recurring sources primarily through rentals from its BPO properties and retail malls. The Company believes this will complement its overall growth strategy by providing recurring cash flows to support its development capital expenditure requirements.

Data Privacy Risk

Data Privacy Risk is an operational risk involving the possible unauthorized access, disclosure and/or destruction by the Company's employees and consultants of sensitive personal information belonging to the Company's clients, suppliers, consultants and employees. The Data Privacy Act of 2012 (Republic Act 10173) requires that due protection and caution must be employed by the Company in handling such sensitive personal information.

To manage this risk, the Company ensures that adequate physical, organizational, and system controls on processes involving the gathering, access, processing, storage and destruction of customers' sensitive personal information are in place. Likewise, continuous improvement on the Company's existing information security is implemented to prevent misuse of personal data. The culture of data protection is also institutionalized within the Company through continuous awareness programs and campaigns.

The Company has also appointed the Data Protection Officer (DPO) to strengthen management of risks relating to the confidentiality and integrity of customer information while ensuring compliance with Data Privacy Act of 2012 (Republic Act 10173). More details about the Eton Privacy Policy including DPO contact information is available in the company website at <https://eton.com.ph/privacy-policy/>.

Refer to Note 28 (Financial Risk Management Objectives and Policies) of the Notes to Consolidated Financial Statements.

Transactions with related parties

Please refer to Item 12 of this report ("Certain Relationships and Related Transactions)

ITEM 2 - PROPERTIES

The Company's investment properties consist of:

| Description | Location |
|--------------------------------|--|
| <i>Buildings</i> | <i>Eton Centris, Quezon Ave., Cor. EDSA, Diliman, Quezon City; Eton Cyberpod Corinthian, Ortigas Ctr., Pasig City (land under lease agreement)</i> |
| | <i>WestEnd Square, Yakal St., cor. Malugay St., Makati City Eton Square Ortigas, Ortigas Avenue, San Juan City</i> |
| <i>Office condominium unit</i> | <i>6th Floor, Sagittarius Condominium, H. V. dela Costa Street, Salcedo Village, Makati City</i> |

| Description | Location |
|-------------------------|--|
| <i>Residential unit</i> | <i>Ocean Villa, Ternate, Cavite</i> |
| <i>Land</i> | <i>EDSA Cor. Quezon Avenue, Diliman, Quezon City; Meralco Avenue, Brgy. Ugong, Pasig City Emerald Ruby, Ortigas, Pasig City Roxas Blvd. Cor. Cuneta Avenue., San Rafael, Pasay City Corta Street, Addition Hills, San Juan, Metro Manila Brgy. Malitlit, Sta. Rosa City, Laguna, Mactan Island Cebu, Loyola Heights, Quezon City</i> |

The above properties are owned by the Company and are in good condition. These properties are not covered by any existing mortgage, liens or encumbrances except for the structures at Eton Cyberpod Corinthian and a portion of the land in Brgy. Malitlit, Sta. Rosa City, Laguna.

The Company also entered into a lease agreement with third parties for the lease of parcels of land located in Ortigas Center, Pasig City where one of the Company's projects is located. The annual rental expense, recognized as part of the cost of rental income amounted to ₱39.4 million in 2019 and 2018.

The lease agreement shall be for a period of 20 years commencing on January 1, 2011 and renewable for another 20 years at the option of the lessee, with the lease payment subject to an annual escalation fee of 5%. Total annual rental payment amounted to ₱19.2 million in 2019 and ₱18.3 million in 2018.

In 2017, the Company also entered into a lease agreement with third parties for the lease of parcels of land located in Ortigas Avenue, San Juan City where one of the Company's projects is located. The annual rental expense, recognized as part of the cost of rental income amounted to ₱9.9 million.

The lease agreement shall be for a period of 15 years commencing on June 1, 2017 and renewable at the sole option of the lessor, with the lease payment subject to an annual escalation fee of 5%. The Company was given a total of fifteen (15) months rent free period starting June 1, 2017 to August 2018. Total annual rental payment amounted to ₱6.6 million in 2019 and ₱3.2 million in 2018.

The real estate properties of the Company and its subsidiaries are as follows:

| ETON PROPERTIES PHILIPPINES, INC. | |
|--|---|
| <i>Eton Baypark Manila</i> | <i>Corner Roxas Boulevard and Kalaw Street, Manila City</i> |
| <i>Eton Parkview Greenbelt</i> | <i>Gamboa St., Greenbelt, Makati City</i> |
| <i>Eton Residences Greenbelt</i> | <i>Legaspi St., Greenbelt, Makati City</i> |
| <i>Eton Emerald Lofts</i> | <i>Corner of Emerald Avenue, Sapphire and Garnet Streets, Ortigas Center, Pasig City</i> |
| <i>One Archers Place</i> | <i>Taft Avenue beside De La Salle University, Manila City</i> |
| <i>68 Roces</i> | <i>Don Alejandro Roces Avenue, Quezon City</i> |
| <i>Belton Place</i> | <i>Yakal St., cor. Malugay St., Makati City</i> |
| <i>8 Adriatico</i> | <i>Pedro Gil corner Bocobo Extension, Manila City</i> |
| <i>Eton Tower Makati</i> | <i>Corner Dela Rosa and V.A. Rufino Streets (formerly Herrera Street) in Legazpi Village, Makati City</i> |
| <i>Tierrabela</i> | <i>Sta. Rosa, Laguna</i> |

| | |
|------------------|------------------------------|
| <i>Riverbend</i> | <i>Sta. Rosa, Laguna</i> |
| <i>Land</i> | <i>Managahan, Pasig City</i> |

| | |
|---|-------------------------------------|
| <i>BELTON COMMUNITIES, INC.</i> | |
| <i>NBC Manors</i> | <i>Quirino Highway, Quezon City</i> |
| <i>West Wing Residences @ Eton City</i> | <i>Eton City, Sta. Rosa, Laguna</i> |
| <i>West Wing Residences @ NBC</i> | <i>Quirino Highway, Quezon City</i> |
| <i>West Wing Villas @ NBC</i> | <i>Quirino Highway, Quezon City</i> |

| | |
|------------------------------|--------------------------|
| <i>ETON CITY INC.</i> | |
| <i>South Lake Village</i> | <i>Sta. Rosa, Laguna</i> |
| <i>Riverbend</i> | <i>Sta. Rosa, Laguna</i> |
| <i>Tierrabela</i> | <i>Sta. Rosa, Laguna</i> |
| <i>Village Walk</i> | <i>Sta. Rosa, Laguna</i> |
| <i>Land</i> | <i>Sta. Rosa, Laguna</i> |

Eton Emerald Lofts, NBC Manors and West Wing Residences at NBC are under a joint venture arrangement with the Company as the project developer. The Company acts as both land owner and developer with respect to its other developments. All properties listed above are in good condition and are not covered by any mortgage, liens or encumbrances except for certain undeveloped land located in Sta. Rosa, Laguna and an office building in EDSA corner Ortigas Avenue, Quezon City are used as collateral for a loan secured from Philippine National Bank.

The Company's property and equipment, which consist of transportation equipment, furniture, fixtures and equipment, and leasehold improvements, are mainly used in operations and are located in the main office in Allied Bank Center, 6754 Ayala Avenue, Makati City, Metro Manila, Philippines.

Currently, the Company has a renewable cancellable lease agreement with PNB, which generally provides for a fixed monthly rent for the Company's office spaces. The Company has determined that all significant risks and rewards of ownership of these properties are retained by PNB as lessor. Thus, the Company considers these lease agreements as operating leases. Rental expense recognized by the Company included under "Outside services" amounted to ₱17.9 and ₱17.5 million in 2019 and 2018.

In 2018, the term of the lease was renewed for five years commencing on March 1, 2018 and will expire on February 28, 2023. The renewal of the lease shall be upon approval of the bank.

Properties intended to be acquired in the next twelve (12) months

None

ITEM 3 – LEGAL PROCEEDINGS

1. Kingston Tuscani, et al. vs. Paramount Holdings and Eton Properties

The Company is one of the appellees in CA G.R. No. CV-106191 entitled “Kingston Tuscani Enterprise & Development Corporation, Cristeta Babaison, et al. vs. Paramount Holding Equities and Eton Properties Philippines, Inc.” Said case was originally filed by Kingston Tuscani with the Regional Trial Court of Quezon City on March 23, 2010.

The case involves the Company’s property in Quezon City covered by Transfer Certificate of Title (TCT) No. 62821 located at the corner of EDSA and Quezon Avenue, Quezon City. The plaintiffs seek the annulment of the Company’s title alleging that it overlaps with TCT No. 300828. Plaintiffs also allege that the signature of the then Register of Deeds on the Company’s title is a forgery.

In its Answer, the defendants, including the Company raised the defense that the property was acquired through public bidding from the Land Bank of the Philippines where Paramount was the highest bidder at ₱1.03 billion and which sale was approved by the then President of the Philippines. Further, there is no adverse claim or notice of lis pendens, encumbrance, or annotation of any overlapping claim on the Company’s title. Based on an investigation conducted into the plaintiffs’ title, it appeared that the technical descriptions of TCT No. 300828 overlap several titled properties when plotted. It was also found by the NBI that plaintiff’s title was not regularly issued and, upon further examination, the technical description overlaps other titled properties located in Aurora Boulevard and Manga Street, among others, which are not the same as the location of the Company’s property.

Additionally, defendants challenged the standing of the plaintiffs as not being the real parties in interest and subsequently requested the Court for a hearing on its affirmative defenses raised in its Motion to Dismiss. After due hearing, the Court, on December 14, 2014 issued a Resolution dismissing the complaint against the Company. The plaintiffs filed a Motion for Reconsideration which was denied by the Court on October 13, 2015. Thereafter the plaintiffs, on November 11, 2015 appealed the case to the Court of Appeals.

On January 18, 2018, the Court of Appeals rendered a decision in favor of Paramount and the Company, denying the appeal of the plaintiffs for lack of merit.

Kingston Tuscani subsequently filed a petition for review with the Supreme Court. On August 15, 2018, the Supreme Court’s First Division issued a Resolution denying the petition for failure to show reversible error in the challenged decision so as to warrant the exercise of the Court’s appellate jurisdiction. Kingston Tuscani thereafter filed a Motion for Reconsideration which the Supreme Court denied with finality on March 25, 2019.

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

The significant matters submitted to a vote of security holders in 2019 are as follows:

1. The Minutes of the Shareholders’ Meeting held on May 4, 2018 were approved;
2. The Management Report and the Company’s Financial Statements for the year ended December 31, 2018 were approved;
3. The President’s Report for the year 2018 was discussed;

4. All the acts and resolutions of the Board of Directors and Management for the year 2018 were confirmed and ratified;
5. The election of the Board of Directors.

ITEM 5 – MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS;

1. Market Information

The Company's shares are not publicly traded. The Company has voluntarily delisted its shares in the Exchange in 2012 and the delisting became effective on January 2, 2013.

2. Holders

The registrant has approximately 1,667 stockholders as of December 31, 2019 and the total outstanding common shares as of the same date amounted to 5,723,017,872 shares. The top twenty (20) stockholders as of December 31, 2019 are as follows:

| Name of Stockholder | No. of Shares | Percentage to Total |
|---|----------------------|----------------------|
| 1. Paramount Landequities, Inc. | 3,203,210,526 | 55.9706539040 |
| 2. Saturn Holdings, Inc. | 2,446,009,079 | 42.7398469428 |
| 3. PCD Nominee Corp. (Filipino)** | 54,384,768 | 0.9502812889 |
| 4. Sytengco &/or Necisto U. Sytengco, Aylene Y. | 4,330,000 | 0.0756593828 |
| 5. Sytengco, Aylene Y. | 802,334 | 0.0140194215 |
| 6. Sytengco, Ned Bryan Y. | 802,333 | 0.0140194041 |
| Sytengco II, Necisto Y. | 802,333 | 0.0140194041 |
| 7. Panlilio, Bong | 718,130 | 0.0125480999 |
| 8. Cualoping Securities Corporation | 606,801 | 0.0106028150 |
| 9. Tanenglian, Mariano | 574,073 | 0.0100309489 |
| 10. Dela Cruz, Teresita | 350,136 | 0.0061180309 |
| 11. Guild Securities Inc. | 249,171 | 0.0043538393 |
| 12. Yap, Luis Y. | 218,152 | 0.0038118350 |
| 13. Buison &/or Norma M. Buison, Edgardo J. | 170,000 | 0.0029704608 |
| 14. Chua, Christopher | 168,580 | 0.0029456487 |
| 15. Recto, Ramon A. | 127,071 | 0.0022203495 |
| 16. Mendoza, Alberto &/or Jeanie C. | 125,147 | 0.0021867309 |
| 17. L.M Garcia & Associates Inc. | 122,913 | 0.0021476955 |
| 18. ZFF Ventures & Development Corp. | 122,416 | 0.0021390113 |
| 19. David Go Securities Corporation | 122,060 | 0.0021327908 |
| 20. Li, Berio T. | 117,994 | 0.0020617444 |
| Total: | 5,714,134,017 | 99.8447697491 |

** including 52,144,998 scrippless shares of Paramount Landequities, Inc.

3. Dividends

Dividend payments depend upon the earnings, cash flow and financial condition of the Company.

The undistributed earnings of subsidiaries which are included in the retained earnings are not available for declaration as dividend until declared by the subsidiaries.

All dividends are subject to the approval of the Company's Board of Directors and in the case of stock dividends, by the Stockholders. In addition, stock or property dividends are likewise subject to the approval of the Commission.

The Company's retained earnings is restricted for payment of dividends to the extent of the amount of Treasury shares amounting to ₱7,955.

The Company has not distributed dividends for the past three years.

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

For the past three years, the Company has not sold any unregistered or exempt securities, nor were there any recent issuances of securities constituting an exempt transaction.

ITEM 6 – MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

Management's Discussion and Analysis

Full Year 2019

a) Result of Operations

The Company ended the year with a Net Income after tax of ₱900.38 million this is 83.10% or ₱408.65 million higher than the ₱491.73 million recorded in 2018. The improvement in the Net Income is attributable to the improvement in the total revenue as the leasing segment and serviced apartment both surpassed prior year's performance.

Leasing revenues grew by 14.26% or ₱213.11 million as compared to 2018 as a result of rental rate escalations and stable occupancy of office spaces. Revenue from rooms and other operated department also increased by 95.04% or ₱88.62 million. Real estate sales however, declined by 16.4% or ₱279.4 million vis a vis last year's performance following a one-time sale of a 2.1 hectares land in Manggahan, Pasig to Ali Eton Property Development Corporation in 2018.

Over-all gross profit rate, improved from 50.32% to 62.58% in 2019. The significant improvement was also due to the one-time sale of land in 2018 as mentioned above which has a lower gross profit.

Other charges significantly dropped by 91% or ₱84.70 million compared to last year due to higher interest income on money market placements as well as other income. This is partially offset by the increase in finance charges.

Provision for income tax increased from ₱189.69 million in 2018 to ₱378.36 million in 2019 due to higher revenue and the timing difference in the net income reported for tax purposes as against the financial income reported in the financial statements.

The Company's wholly-owned subsidiaries, ECI and BCI, contributed gross revenues of amounting to ₱409.87 million and ₱411.93 million, respectively.

Expenses

General and administrative expenses decreased by 13.53% or ₱105.62 million primarily due to the lower utilities, repairs & maintenance and provision for estimated credit loss. Selling expenses rose by 10.33% or ₱10.45 million as compared to 2018 due to the increase in commissions as a result of higher reservation sales booked during the year.

b) Financial Condition

As of December 31, 2019, the Company's consolidated assets stood at ₱31.83 billion, slightly higher than the ₱31.32 million consolidated assets as of December 31, 2018. The net increase primarily pertains to the increase in investment properties following the continuous development of projects like NXTower I in Ortigas and WestEnd Square in Makati City.

At the end of 2019, total debt at the consolidated level amounted to ₱13.99 billion, a 2.33% decrease from the December 2018 level of ₱14.33 billion. The decrease in debt level was due to payment of loans.

Total equity, on the other hand, increased by ₱839.24 million due to the net income recognized during the year.

c) The Company's top five (5) key performance indicators are as follows:

1. Net Income

The Company posted net income after tax of ₱900.38 million for the year ended December 31, 2019, higher than the net income generated in 2018 of ₱491.73 million. The increase was mainly due to higher revenues.

2. Current Ratio (Current Assets/Current Liabilities)

Current ratio as of December 31, 2019 1.19:1 compared to 1.74:1 as of December 31, 2018. The decrease was mainly due to higher current liabilities due to reclassification of payable to landowners from non-current to current as the obligation will become due within the next 12 months.

3. Earnings Per Share

The Company reported earnings per share of ₱0.1573 per share for the period ended December 31, 2019 and ₱0.0859 as of end of 2018. Diluted earnings per share for the period ending December 31, 2019 and 2018 is at ₱0.1573 and ₱0.0859 per share, respectively.

4. Debt to Equity Ratio (Total Liabilities/Total Equity)

The Company's debt to equity ratio decreased to 0.78 from 0.84 in 2018, the decrease was mainly due to principal payment of bank loans during the period.

5. Quick Ratio

(Cash and Cash Equivalents and Receivables/Current Liabilities)

Quick ratio as of December 31, 2019 and December 31, 2018 is 0.42:1 and 0.66:1, respectively. The decline is primarily due to lower cash and cash equivalents and current receivables.

d) Known Trends, Events of Uncertainties

There are no known trends or any known demands, events of uncertainties that will affect the Company's liquidity. Expected inflows from operations are deemed sufficient to sustain the Company's operations for the next six months.

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

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

There are no 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 of income from continuing operations.

e) Significant Elements of Income or Loss

There is no significant element of income that did not arise from continuing operations.

f) The causes for any material change from period to period which shall include vertical and horizontal analyses of material item.

Results of the vertical analyses showed the following:

| | |
|--|--------|
| 1. Cash and cash equivalents | 7.30% |
| 2. Receivables | 5.01% |
| 3. Real Estate project in progress | 13.71% |
| 4. Other current assets | 5.09% |
| 5. Investment properties | 63.70% |
| 6. Property and equipment | 2.80% |
| 7. Right of use asset | 0.86% |
| 8. Deferred income tax assets | 0.03% |
| 9. Other noncurrent assets | 1.50% |
| 10. Accounts payable and other current liabilities | 11.09% |
| 11. Deposits from customers | 3.07% |
| 12. Lease liabilities | 1.57% |
| 13. Deposits and other liabilities | 2.60% |
| 14. Payable to landowners | 5.75% |
| 15. Deferred income tax liabilities | 0.19% |
| 16. Loans Payable | 19.69% |
| 17. Equity | 56.04% |

Results of the horizontal analyses showed the following:

| | |
|--|---------|
| 1. Cash and cash equivalents | -12.06% |
| The decrease was attributed to cash disbursements made by the Company relating to the continuous development of its projects during the year. | |
| 2. Receivables | -5.52% |
| The decrease pertains to customer payments collected during the year. | |
| 3. Real estate inventory | -12.02% |
| The decrease was mainly due to cost recognized on sold units. | |
| 4. Other non-current assets | -11.97% |
| The decrease was mainly due to the decrease in the non-current portion of advances to contractors. | |
| 5. Investment properties | 7.20% |
| The increase was mainly due to the actual project cost incurred for the Company's ongoing projects. | |
| 6. Property and equipment | -6.73% |
| The decrease was mainly due to the depreciation recognized during the year. | |
| 7. Right of use asset | 100% |
| The increase was mainly due to recognition of the right to use of leased asset in compliance with PFRS16. | |
| 8. Deferred income tax assets | -71.41% |
| The decrease primarily represents the timing difference between tax and book basis of accounting for real estate and leasing transactions. | |
| 9. Customer's Deposits | -12.24% |
| The decrease primarily pertained to deposits from customers of real estate sales which are recorded as revenue for period. | |
| 10. Payable to landowner | -2.97% |
| The decrease was mainly due to payment of outstanding balance related to various land purchases. | |
| 11. Loans Payable | -12.87% |
| The decrease was mainly due to the bank loan payment during the year. | |
| 12. Deposits and other liabilities | 18.15% |
| The increase was mainly due to lease liabilities recorded in relation to the right of use of leased assets. Likewise security deposits, advance rental and retirement liability increased. | |

13. Equity

4.94%

The increase was due to the net income realized for the current period. This was partially offset by the impact of the adoption of PRFS 16 on leases and compliance on PAS 23 in treating borrowing costs as an expense for assets not considered as qualifying assets on the Retained Earnings.

ANALYSIS OF PRIOR YEAR OPERATIONS AND FINANCIAL CONDITION:

Full Year 2018

a) Result of Operations

The Company recorded a net income of ₱478.76 million in 2018, climbing 37.62% from the previous year's net income of ₱347.88 million. The combined increase in real estate sales and steady leasing business drove the Company's net earnings this year.

Real estate sales improved by 101.65% to ₱1.70 billion on the back of higher sales of lots, house and lots, and condominium units by the Company. Leasing revenues, meanwhile, grew by 7.69% to ₱1.49 billion as a result of rental rate escalations and stable occupancy of office spaces. Also contributing to the net increase in revenue for the year is the income from serviced apartments and property management services.

Over-all gross profit rate, on the other hand, declined from 62.94% in 2017 to 49.93% in 2018 following the sale of a 2.1 hectares land in Manggahan, Pasig to Ali Eton Property Development Corporation.

Likewise, other charges significantly dropped by 56.78% or ₱122.27 million compared to last year due to lower finance charges recognized by the Company in 2018 as a portion of it was capitalized as part of project costs.

Provision for income tax increased from ₱164.22 million in 2017 to ₱189.69 million in 2018 due to the timing difference in the net income reported for tax purposes as against the financial income reported in the financial statements.

The Company's wholly-owned subsidiaries, ECI and BCI, contributed gross revenues of amounting to ₱257.67 million and ₱249.32 million, respectively.

Expenses

General and administrative expenses increased by 14.01% or ₱95.95 million primarily due to the higher utilities, repairs & maintenance and depreciation expense. Selling expenses likewise rose by 117.10% or ₱54.56 million as compared to 2017 due to the increase in commissions as a result of higher reservation sales booked during the year.

b) Financial Condition

As of December 31, 2018, the Company's consolidated assets stood at ₱31.48 billion, ₱1.75 billion higher than the ₱29.73 billion consolidated assets as of December 31, 2017. The net increase primarily pertains to the increase in investment properties following the continuous development of projects like Cyberpod Centris Five in Quezon City and WestEnd Square in Makati City.

At the end of 2018, total debt at the consolidated level amounted to ₱14.33 billion, a 9.86% increase from the December 2017 level of ₱13.04 billion. The increase in debt level was due to borrowings obtained by the Company from the Bank of Philippines Island (BPI) to finance the development of the its on-going projects.

Total equity, on the other hand, increased by ₱458.71 million due to the net income recognized for the period.

c) The Company's top five (5) key performance indicators are as follows:

6. *Net Income*

The Company posted net income after tax of ₱478.76 million for the year ended December 31, 2018, higher than the net income generated in 2017 of ₱347.88 million. The increase was mainly due to higher revenues on real estate sales and leasing income.

7. *Current Ratio (Current Assets/Current Liabilities)*

Current ratio as of December 31, 2018 is 1.75:1 compared to 2.18:1 as of December 31, 2017. The decrease was mainly due to the increase in trade and other payables and current portion of loans payable and decrease in real estate inventories.

8. *Earnings Per Share*

The Company reported earnings per share of ₱0.0837 per share for the period ended December 31, 2018 and ₱0.0608 as of end of 2017. Diluted earnings per share for the period ending December 31, 2018 and 2017 is at ₱0.0837 and ₱0.0608 per share, respectively.

9. *Debt to Equity Ratio (Total Liabilities/Total Equity)*

The Company's debt to equity ratio as of December 31, 2018 and 2017 is 0.84:1 and 0.78:1, respectively. The increase is due to the borrowings secured from BPI in 2018 for the development of the Company's on-going projects.

10. *Quick Ratio*

(Cash and Cash Equivalents and Receivables/Current Liabilities)

Quick ratio as of December 31, 2018 and December 31, 2017 is 0.66:1 and 0.59:1, respectively. The improvement is primarily due to higher cash and cash equivalents coming from the proceeds of the loan drawn from BPI.

g) *Known Trends, Events of Uncertainties*

There are no known trends or any known demands, events of uncertainties that will affect the Company's liquidity. Expected inflows from operations are deemed sufficient to sustain the Company's operations for the next six months.

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

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

There are no 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 of income from continuing operations.

h) Significant Elements of Income or Loss

There is no significant element of income that did not arise from continuing operations.

i) The causes for any material change from period to period which shall include vertical and horizontal analyses of material item.

Results of the vertical analyses showed the following:

| | |
|---|--------|
| 1. Cash and cash equivalents | 8.40% |
| 2. Receivables | 5.37% |
| 3. Real Estate project in progress | 15.97% |
| 4. Other current assets | 5.05% |
| 5. Investment properties | 60.35% |
| 6. Property and equipment | 3.03% |
| 7. Deferred income tax assets | 0.11% |
| 8. Other noncurrent assets | 1.72% |
| 9. Accounts payable and other current liabilities | 10.92% |
| 10. Deposits from customers | 3.54% |
| 11. Deposits and other liabilities | 2.22% |
| 12. Payable to landowners | 5.99% |
| 13. Loans Payable | 22.85% |
| 14. Equity | 54.48% |

Results of the horizontal analyses showed the following:

| | |
|--|---------|
| 1. Cash and cash equivalents | 72.66% |
| The increase was attributed to the increase in the cash flows from operations and loan proceeds from BPI. | |
| 2. Receivables | -20.73% |
| The decrease pertains to customer payments collected during the year. | |
| 3. Real estate inventory | -19.49% |
| The decrease was mainly due to cost recognized on sold units. | |
| 4. Prepayments other current assets | -4.21% |
| The decrease was attributable to the decrease in Advances to Contractors partially offset by the increase in Input VAT and Creditable Withholding Taxes. | |

| | |
|--|--------|
| 5. Investment properties | 14.48% |
| The increase was mainly due to the actual project cost incurred for the Company's ongoing projects. | |
| 6. Property and equipment | -3.22% |
| The decrease was mainly due to the depreciation recognized during the year. | |
| 7. Deferred income tax assets | 8.14% |
| The increase primarily represents the timing difference between tax and book basis of accounting for real estate and leasing transactions. | |
| 8. Other noncurrent assets | 2.39% |
| The increase was mainly due to the increase in refundable deposit partially offset by decrease in software. | |
| 9. Trade and other payables | 3.71% |
| The increase was mainly due to the increase in contractors payable and retention payable. | |
| 10. Customer's Deposits | 12.88% |
| The increase primarily pertained to collections from customers of real estate sales which are not yet qualified for revenue recognition. | |
| 11. Payable to landowner | -2.72% |
| The decrease was mainly due to payment of outstanding balance related to various land purchases. | |
| 12. Loans Payable | 18.27% |
| The increase was mainly due to the bank loans availed to finance the Company's working capital requirements partially offset by payments made during the year. | |
| 13. Deposits and other liabilities | -3.17% |
| The decrease mainly represents the decrease in security deposits, advance rental and unearned rental income. | |
| 14. Equity | 2.75% |
| The increase was due to the net income realized for the current period. | |

ANALYSIS OF PRIOR YEAR OPERATIONS AND FINANCIAL CONDITION:

Full Year 2017

a) Result of Operations

The Company ended the year with net income after tax of ₱347.88 million, 10.7% lower than last year's net income after tax of ₱389.50 million. Decrease in net income after tax is attributed to the lower real estate sales of the Company's completed projects, 8 Adriatico in Manila, 68 Roces and West Wing Villas in Quezon City, West Wing Residences at Eton City in Sta. Rosa, Laguna. Over-all gross profit rate, however, improved from 52.6% in 2016 to 62.9% in 2017. This is mainly attributable to the change in the Company's revenue mix from 54.8% real estate sales and 45.2% rental income in 2016 to 36.45% real estate sales, 59.88% rental income and 3.67% revenue from serviced apartments in 2017.

Rental income also increased to ₱1,388.01 million in 2017 from ₱1,278.45 million in 2016 or an improvement of 8.6% due to higher rental rates from contract renewals in 2017 with the Company's existing tenants. Additional rental income was also realized in the current year coming from the newly completed retail complex at Eton Tower Makati. Also contributing to the net increase in revenue for the year is the income from serviced apartments and property management services. The Company's serviced apartments at Eton Tower Makati called The Mini Suites and Eton's property management company, EPMC, started its operations in the latter part of 2016.

Other Charges decreased by 7.8% compared to last year, this is mainly due to higher other income in 2017.

Provision for income tax decreased from ₱211.76 million in 2016 to ₱164.22 million in 2017 due to the timing difference in the net income reported per tax as against the financial income.

On the other hand, its subsidiaries, ECI and BCI recognized revenues of ₱370.15 million and ₱256.20 million, respectively.

Expenses

General and administrative expenses increased, by 14.0% or ₱84.24 million primarily due to the increase in taxes & licenses, repairs & maintenance and depreciation expense relating to the start of operations of The Mini Suites. Finance charges however, slightly decreased by ₱2.6 million or 0.7% for 2017.

b) Financial Condition

As of December 31, 2017, the Company's consolidated assets stood at ₱29.73 billion or ₱546.80 million higher than the ₱29.18 billion consolidated assets as of December 31, 2016. The net increase primarily pertains to the increase in investment properties due to the continuous development of projects like Cyberpod Centris Five, Centris Walk Expansion and WestEnd Square. Property and equipment also increased by ₱935.50 million mainly due to the reclassification of the Company's serviced apartment from investment properties.

Total liabilities increased by ₱186.81 million mainly due to the increase in loans payable of ₱2,009.20 million resulting from the additional loans drawn by the Company from PNB. This was partially offset by the decrease in payable to landowners of ₱1,825.27 million as the Company fully paid the remaining balance of the purchase price of some of its land acquisitions.

Total equity, on the other hand, increased by ₱359.98 million mainly due to the net income recognized for the period.

c) The Company's top five (5) key performance indicators are as follows:

11. Net Income

The Company posted net income of ₱347.88 million for the year ended December 31, 2017, lower than the net income generated in 2016 of ₱389.50 million. The decrease was mainly due to lower revenues on real estate sales.

12. Current Ratio (Current Assets/Current Liabilities)

Current ratio as of December 31, 2017 is 2.28:1 compared to 1.90:1 as of December 31, 2016. The improvement in the Company's current ratio is due to the reclassification of a portion of payables to landowners from current to noncurrent as the maturity date of the related promissory notes were extended by three years in 2017.

13. Earnings Per Share

The Company reported earnings per share of ₱0.0608 per share for the period ended December 31, 2017 and ₱0.0681 as of end of 2016. Diluted earnings per share for the period ending December 31, 2017 and 2016 registered at ₱0.0608 and ₱0.0681 per share, respectively.

14. Debt to Equity Ratio (Total Liabilities/Total Equity)

The Company's debt to equity ratio as of December 31, 2017 and 2016 is 0.78:1 and 0.79:1, respectively. The increase is primarily due to the additional bank loan secured from PNB in 2017 which was partially offset by payments made for some of the Company's payables to landowners.

15. Quick Ratio

(Cash and Cash Equivalents and Receivables/Current Liabilities)

Quick ratio as of December 31, 2017 and December 31, 2016 is 0.59:1 and 0.63:1, respectively. The lower quick ratio for 2017 is primarily due to the reclassification of a portion of payables to landowners from current to noncurrent as the maturity date of the related promissory notes were extended by three years in 2017.

j) Known Trends, Events of Uncertainties

There are no known trends or any known demands, events of uncertainties that will affect the Company's liquidity. Expected inflows from operations are deemed sufficient to sustain the Company's operations for the next six months.

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

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

There are no 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 of income from continuing operations.

k) Significant Elements of Income or Loss

There is no significant element of income that did not arise from continuing operations.

l) The causes for any material change from period to period which shall include vertical and horizontal analyses of material item.

Results of the vertical analyses showed the following:

| | |
|---|--------|
| 1. Cash and cash equivalents | 5.15% |
| 2. Receivables | 7.17% |
| 3. Real Estate project in progress | 21.01% |
| 4. Other current assets | 6.85% |
| 5. Investment properties | 55.82% |
| 6. Property and equipment | 3.32% |
| 7. Deferred income tax assets | 0.08% |
| 8. Other noncurrent assets | 0.60% |
| 9. Accounts payable and other current liabilities | 11.15% |
| 10. Deposits from customers | 3.32% |
| 11. Deposits and other liabilities | 2.41% |
| 12. Payable to landowners | 6.52% |
| 13. Loans Payable | 20.45% |
| 14. Equity | 56.15% |

Results of the horizontal analyses showed the following:

| | |
|---|---------|
| 1. Cash and cash equivalents | -32.65% |
| The decrease was attributed to cash disbursements made by the Company relating to the continuous development of its projects during the year. | |
| 2. Receivables | -19.00% |
| The decrease pertains to customer payments collected during the period. | |
| 3. Real estate inventory | -4.69% |
| The decrease was mainly due to cost recognized on sold units. | |
| 4. Prepayments other current assets | 2.34% |
| The increase was attributable to the increase in Input VAT paid relating to purchase of goods and services, and prepaid taxes yet to be amortized on the remainder of the year. | |

| | |
|--|-----------|
| 5. Investment properties | 7.27% |
| The increase was mainly due to the development costs incurred for the Company's ongoing projects during the year. | |
| 6. Property and equipment | 1,830.14% |
| The increase was mainly due to the reclassification of the cost of condominium units, and the furniture, fixtures and equipment related to the serviced apartments of the Company which was previously recognized under investment properties. | |
| 7. Deferred income tax assets | 2.73% |
| The increase primarily represents the timing difference between tax and book basis of accounting for real estate transactions. | |
| 8. Other noncurrent assets | -5.87% |
| The decrease was mainly due to the decline in Deferred Input VAT partially offset by higher refundable deposits recorded during the year. | |
| 9. Trade and other payables | -1.37% |
| The slight decrease was mainly due to the decrease in accrual of various expenses. | |
| 10. Payable to related parties | -100.00% |
| The decrease mainly pertained to the payment of the outstanding balance of the purchase price of land acquired from a related party. | |
| 11. Customer's Deposits | 10.71% |
| The increase primarily pertained to collections from customers of real estate sales which are not yet qualified for revenue recognition. | |
| 12. Payable to landowner | -48.51% |
| The decrease was mainly due to payment of outstanding balance related to various land purchases. | |
| 13. Loans Payable | 49.35% |
| The increase was mainly due to the bank loans availed to finance the Company's working capital requirements partially offset by payments made during the year. | |
| 14. Deposits and other liabilities | 2.89% |
| The increase mainly represents the increase in security deposits, advance rental and unearned rental income and real estate sales. | |
| 15. Equity | 2.20% |
| The increase was due to the net income realized for the current period. | |

ITEM 7- FINANCIAL STATEMENTS

The consolidated Financial Statements and related Notes to Financial Statements of the Company are incorporated herein by reference and attached as an integral part of this Annual Report.

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

There are no changes in, and disagreements with, the Company's accountants on any accounting and financial disclosure during the three most recent years in the year ended December 31, 2019 or in any subsequent interim period.

ITEM 9 – DIRECTORS AND EXECUTIVE OFFICERS

Hereunder is the list of Directors and Executive Officers of the Company. All the directors named hereunder were elected to office at the Annual Stockholders' Meeting held on April 12, 2019 to hold office until the next succeeding annual meeting and until their respective successors have been elected and shall have qualified.

On November 11, 2019, Mr. Lucio K. Tan, Jr., President, Director and Chief Executive Officer of the Company, passed away. The resulting vacancy in the board remained unfilled to date.

| Name | Age | Citizenship | Position/Term of Office/Period Served | Business Experience/ Other Directorships for the Last Five Years |
|--------------|-----|-------------|---|--|
| Lucio C. Tan | 85 | Filipino | Chairman/ 1 year/ 21 February 2007 to present | Chairman of Philippine Airlines, Inc., Asia Brewery Inc., LT Group, Inc., MacroAsia Corp., Fortune Tobacco Corp., PMFTC, Inc., Grandspan Development Corp., Himmel Industries Inc., Lucky Travel, PAL Holdings, Inc., Air Philippines Corporation, Tanduay Distillers, Inc., The Charter House, Inc., AlliedBankers Insurance Corp., Absolut Distillers, Inc., Progressive Farms, Inc., Foremost Farms, Inc., Maranaw Hotels & Resort Corporation, Eton City, Inc., Belton Communities, Inc., FirstHomes, Inc., Allianz PNB Life Insurance Inc. and Basic Holdings Corp., Director of Philippine National Bank |

| Name | Age | Citizenship | Position/Term of Office/Period Served | Business Experience/ Other Directorships for the Last Five Years |
|--------------------|-----|-------------|---|--|
| Harry C. Tan | 73 | Filipino | Director 1 year/ 21 February 2007 to present | Director of LT Group, Inc. Eton City, Inc., Belton Communities, Inc., FirstHomes, Inc., PAN Asia Securities, Inc., Lucky Travel Corp., The Charter House, Inc., Fortune Tobacco Corp., Landcom Realty Corp., Asia Brewery Inc., AlliedBankers Insurance, Corp., Absolut Distillers, Inc., Basic Holdings Corp., Foremost Farms, Inc., Himmel Industries, Inc., PMFTC, Inc., Progressive Farms, Inc., Grandspan Development Corp., and Tanduay Distillers, Inc. Director/President of Maranaw Hotels & Resort Corporation; Board Advisor of Philippine National Bank |
| Michael G. Tan | 53 | Filipino | Director/ 1 year / 27 February 2007 to present | Director/President of LT Group, Inc., Director/Chief Operating Officer of Asia Brewery, Inc. Director of Philippine National Bank, PMFTC Inc., Tanduay Distillers, Inc., Victorias Milling Co., Eton City, Inc., PAL Holdings, Inc. (PAL), Philippine Airlines, Inc., Air Philippines Corp., Tangent Holdings Corp., Abacus Distribution Systems Philippines, Inc., AlliedBankers Insurance Corp., Maranaw Hotels & Resort Corporation (Century Park Hotel) and Pan Asia Securities, Inc. |
| Juanita T. Tan Lee | 77 | Filipino | Director/ 1 year/ 21 February 2007 to present | Director/Treasurer of LT Group, Inc.; Director of Maranaw Hotels & Resort Corp., Asia Brewery, Inc., and Tanduay Distillers Inc.; Director/Corporate Secretary of Fortune Tobacco Corp.; Corporate Secretary of Absolut Distillers, Inc., The Charter House, Inc., Foremost Farms, Inc., Grandspan Development Corp., Himmel Industries, Inc., Landcom Realty Corp., Lucky Travel Corp., PMFTC, Inc., Progressive Farms, Inc. and Assistant Corporate Secretary of Basic Holdings Corp.; Treasurer of Mabuhay Digital Philippines, Inc. and Mabuhay Digital Technologies, Inc. |

| Name | Age | Citizenship | Position/Term of Office/Period Served | Business Experience/ Other Directorships for the Last Five Years |
|------------------|-----|-------------|--|---|
| Vivienne K. Tan | 51 | Filipino | Director/ 1 year/ 4 May 2018 to present | Director of Philippine National Bank; Director of LT Group, Inc.; Board of Trustee of University of the East and University of the East Ramon Magsaysay Memorial Medical Center; Executive Vice President of Philippine Airlines; Founding Chairperson of Entrepreneurs School of Asia; Founding Trustee of Philippine Center for Entrepreneurship (Go Negosyo), Phils. |
| Ramon S. Pascual | 60 | Filipino | Director 1 year/ 31 May 2013 to present; appointed as President and Chief Executive Officer on 19 November 2019 to present | Executive Director of Dynamic Holdings Limited; Director and President of Eton City, Inc., Belton Communities, Inc., FirstHomes, Inc.; Director of Beijing Longfast |
| Cirilo P. Noel | 63 | Filipino | Director/ 1 year/ 12 April 2019 to present | Chairman of Palm Concepcion Power Corporation; Independent Director of Globe Telecom, Inc., St. Luke's Medical Center, and San Miguel Foods and Beverage, Inc.; Director of Amber Kinetics Holdings Co., PTE Ltd., LH Paragon Inc., Cal Comp Technology (Philippines) Inc., St. Luke's Medical Center College of Medicine, JG Summit Holdings, Inc., Security Bank Corporation, St. Luke's Foundation, and Transnational Diversified Group. |

| Name | Age | Citizenship | Position/Term of Office/Period Served | Business Experience/ Other Directorships for the Last Five Years |
|---------------------|-----|-------------|--|--|
| Wilfrido E. Sanchez | 82 | Filipino | Independent Director/ 1 year/ 27 February 2007 to present | Tax Counsel of Quiason Makalintal Barot Torres Ibarra & Sison Law Offices; Board of Trustees of Asian Institute of Management (AIM); Director Amon Trading Corp., EEI Corporation, House of Investments, Inc., JVR Foundation, Inc., Kawasaki Motor Corp., Magellan Capital Holdings, Corp., Transnational Diversified Corp., Transnational Financial Services, Inc., Universal Robina Corp., LT Group, Inc., Asia Brewery Inc., Tanduay Distillers, Inc. Emcor, Inc., J-Del Investment and Management Corporation, Center for Leadership & Change, Inc., K Servico, Inc., Adventures International Tours, Inc., Gokongwei Brothers Foundation, Petnet Inc. and Transnational Plans, Inc. |
| Johnip G. Cua | 63 | Filipino | Independent Director/ 1 year/ 30 May 2014 to present | Chairman of the Board of Trustees of Xavier School, Inc., P&Gers Fund Inc.; Chairman & President of Taibrews Corporation; Independent Director of Ali-Eton Property Development Corporation, BDO Private Bank, Philippine Airlines Inc., PAL Holdings Inc., MacroAsia Corporation, MacroAsia Catering Services, Inc., MacroAsia Airport Services Corporation, MacroAsia Properties Development Corp., PhilPlans First Inc., LT Group Inc. and Century Pacific Food, Inc.; Director of Alpha Alleanza Manufacturing, Inc., Allied Botanical Corporation, Interbake Marketing, Inc., Lartizan Corporation, Teambake Marketing, Inc.; and Bakerson Corporation; Member of the Board of Trustees of Xavier School Educational & Trust Fund and MGCC Foundation |

| Name | Age | Citizenship | Position/Term of Office/Period Served | Business Experience/ Other Directorships for the Last Five Years |
|-----------------|-----|-------------|--|---|
| Karlu T. Say | 50 | Filipino | Director/OIC-HR Head/1 year/ 9 October 2017 to present; appointed as Chief Operating Officer on 19 November 2019 | Founder and Director of Dong-A Pharma Phils., Inc.; |
| Erolyne C. Go | 39 | Filipino | Corporate Secretary/ 1 year/ 31 May 2013 to present | Legal Counsel of Basic Holdings, Corp.; Corporate Secretary of Maranaw Hotels & Resort Corporation, Eton City, Inc., Belton Communities, Inc., and FirstHomes, Inc.; Former Corporate Secretary of PNB Life Insurance, Inc. |
| Cathleen O. Lao | 44 | Filipino | Asst. Corporate Secretary/ 1year/ 31 May 2013 to present | Legal Counsel of Basic Holdings, Corp.; Former Legal Counsel of Philippine National Bank (formerly Allied Banking Corp.); Former Associate Lawyer of Mendoza Lacson and Mison Law Offices |

(*Note: Unless otherwise indicated or qualified, the term "director" refers to a regular director of the Company.)

Messrs. Wilfrido E. Sanchez and Johnip G. Cua are the Company's incumbent independent directors. They were nominated as independent directors for the ensuing year and their nomination was approved by the Nomination and Remuneration Committee (Committee). They were nominated by Mr. Harry C. Tan and Mr. Lucio K. Tan, Jr.(+), respectively; both are stockholders of the Company. Neither Mr. Harry Tan nor the late Mr. Lucio K. Tan Jr. are related to any of the Independent Directors.

Pursuant to Article III, Section 6 of the Company's By-laws, in relation to SRC Rule 38, recommendations for nomination of independent directors were signed by the members of the Committee and duly accepted by the nominees. After determining the qualifications of the nominees, the Committee prepared a final list of candidates containing relevant and material information about them. The Committee determined that the nominees for independent director possess all of the qualifications and none of the disqualifications of an independent director provided for in the Company's By-laws, the Code of Corporate Governance and the adopted Revised Manual of Corporate Governance of the Company.

In its meeting held on February 12, 2020, the Nomination and Remuneration Committee approved the following nominees to the Board of Directors for election in the forthcoming Annual Shareholders' Meeting by the Nomination and Remuneration Committee:

1. Lucio C. Tan
2. Cirilo P. Noel
3. Ramon S. Pascual
4. Karlu T. Say
5. Michael G. Tan
6. Vivienne K. Tan
7. Juanita T. Tan Lee

8. Johnip G. Cua - independent director
9. Wilfrido E. Sanchez -- independent director
10. Mary Ng -- independent director
11. Florencia G. Tarriela - independent director

With the exception of Ms. Mary Ng and Ms. Florencia G. Tarriela, the foregoing nominees to the Board of Directors are also current directors of the Company. The business experience/directorship of said nominees for the last five years are listed in pages 32 to 36 hereof.

Ms. Mary Ng is the Chief Executive Officer of H&E Group of Companies and an Honorary President of the Packaging Institute of the Philippines, the Philippine Plastic Industrial Association of the Philippines, and the Association of Volunteer Fire Chiefs and Firefighters of the Philippines. She is the first woman Chairman of the ASEAN Federation of Plastic Industries (AFPI), Executive Vice President of Federation of Filipino-Chinese Chamber of Commerce and Industries, a Tripartite Board member of the Department of Labor and Employment, a Board member of Technical Educational and Skills Development Authority (TESDA), Vice President of the Philippine Plak O Eng Chamber of Commerce and Philippine Plak O Eng Uy's Association, Director of Philippine Dongshi Townmate Association, Inc. and Independent Director of LT Group, Inc.

Ms. Florencia Tarriela is the Chairman and Independent Director of Philippine National Bank, PNB Capital and Investment Corporation, PNB-IBJL Leasing and Finance Corporation, and PNB-IBJL Equipment Rentals Corporation, Independent Director of PNB International Investments Corporation and LT Group, Inc., Director of Bankers Association of the Philippines, Director/Vice President of Tarriela Management Company, Director/Vice President/Assistant Treasurer of Gozon Development Corporation, and Life Sustaining Member of Bankers Institute of the Philippines (BAIPHIL) and Financial Executives of the Philippines (FINEX). She was a former Undersecretary of Finance, and used to be an alternate Board Member of the following: Monetary Board of Bangko Sentral ng Pilipinas, Land Bank of the Philippines, and the Philippine Deposit Insurance Corporation (PDIC). She was likewise a Managing Partner and the first Filipina Vice President of Citibank N.A., Philippines. Currently, she is a columnist for "Business Options" of the Manila Bulletin and "FINEX Folio" of BusinessWorld.

Mr. Sanchez has been the Company's independent director since February 2007 while Mr. Cua has served as such since May 2014.

In its meeting last 12 February 2020, the Nomination and Remuneration Committee approved the re-nomination of Messrs. Sanchez and Cua for independent directors.

All the nominees for independent directors, were advised of the Notice of the Commission dated 20 October 2006 regarding the submission of a Certificate of Qualification by independent directors. All nominees also attended the seminar on Corporate Governance. The nominees for independent directors were likewise informed of SEC Memorandum No. 4 series of 2017, regarding the term limits for independent directors. None of the independent directors have served beyond the maximum cumulative term of nine years.

The Nomination and Remuneration Committee is composed of Dr. Lucio C. Tan as Chairman with Messrs. Ramon S. Pascual, Michael G. Tan, Johnip G. Cua, and Atty. Wilfrido E. Sanchez as members thereof. Before his passing, Messr. Lucio K. Tan, Jr. (+) was also a member of the Committee.

Significant Employees

The Company values all its employees but is not dependent upon any single employee to make a significant contribution to the business.

Family Relationships

Mr. Lucio C. Tan and Mr. Harry C. Tan are brothers. In addition, Mr. Lucio C. Tan is the father of Mr. Lucio K. Tan Jr.(+), Ms. Karl T. Say, Ms. Vivienne K. Tan, and Mr. Michael G. Tan. Further, Mr. Lucio C. Tan is the father-in-law of Mr. Ramon S. Pascual.

Involvement in Certain Legal Proceedings (over the past 5 years)

For a period covering the past five (5) years, none of the directors or any of the executive officers of the Company has been:

- 1.) Involved in 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 years prior to that time;
- 2.) Convicted by final judgment in a criminal proceeding, domestic or foreign, or is being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- 3.) Subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- 4.) Found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

ITEM 10 – COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

The following compensation was paid to Officers and Directors as a group for the year ended December 31, 2019. For 2020, the Directors and Executive Officers are expected to receive the same as the previous year:

SUMMARY COMPENSATION TABLE

Annual Compensation

| Name of Officers/Position | Year | Salary | Bonus | Others* |
|--|--------------------|------------|-----------|---------|
| Five (5) most highly compensated Executive Officers: | 2020 (estimate) | 14,289,408 | 1,190,784 | - |
| 1. Ramon S. Pascual – President | | | | |
| 2. Carlos B. Carlos – VP Technical Services | | | | |
| 3. Marie Noellie T. Dela Rosa – AVP Leasing | | | | |
| 4. Gerardo I. Mauricio – VP for IT & SAP | | | | |
| 5. Michael Leslie D. Delos Reyes – SAVP Legal | | | | |

| Name of Officers/Position | Year | Salary | Bonus | Others* |
|--|-----------------|------------|-----------|-----------|
| Five (5) most highly compensated Executive Officers: 1. Lucio K. Tan Jr. – President 2. Carlos B. Carlos – VP Technical Services 3. Michael Leslie D. Delos Reyes – SAVP Legal 4. Gerardo I. Mauricio – VP for IT & SAP 5. Ma. Noellie T. Dela Rosa – AVP Leasing | 2019 | 14,031,030 | 1,148,784 | - |
| Five (5) most highly compensated Executive Officers: 1. Lucio K. Tan Jr. – President 2. Carlos B. Carlos – VP Technical Services 3. Lennie S. Magnaye – VP Controller 4. Michael Leslie D. Delos Reyes – SAVP Legal 5. Gerardo I. Mauricio – VP for IT & SAP | 2018 | 13,660,679 | 1,171,742 | - |
| All other Officers and Directors as a group unnamed | 2020 (estimate) | 10,371,000 | 940,162 | 1,800,000 |
| | 2019 | 11,769,692 | 940,162 | 1,527,000 |
| | 2018 | 11,066,056 | 970,973 | 1,869,000 |

*Others – includes per diem of Directors

(a) Standard Arrangements – The Directors of the Company receive a Director's allowance of ₱15,000.00 monthly and a per diem of ₱15,000.00 for every meeting attended. Members of the Executive Committee, Nomination Committee and Audit Committee receive an additional per diem of ₱5,000.00 and ₱3,000.00, respectively, for every meeting actually attended. Other than the stated allowance and the per diem of the Directors, there are no other standard arrangements for which the Directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a Director, including any additional amounts payable for Committee participation or special assignments, for the last completed fiscal year and the ensuing year.

(b) Other Arrangements – None

(c) Employment contract or compensatory plan or arrangement – None

ITEM 11 – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

a. Security Ownership of Certain Record and Beneficial Owners of More Than 5%

| Title of Class | Name, address of record owner and relationship with issuer | Name of Beneficial Owner and relationship with Record Owner | Citizenship | No. of Shares Held | Percent |
|-----------------------|--|--|--------------------|---------------------------|----------------|
| Common | Paramount Landequities, Inc.* • 10 Quezon Avenue, Quezon City • Major Stockholder | LT Group, Inc. (Parent of Paramount Landequities, Inc.) | Filipino | 3,255,355,524* | 56.88% |
| Common | Saturn Holdings, Inc. • SMI Compound, C. Raymundo Avenue, Maybunga, Pasig City • Major Stockholder | LT Group, Inc. (Parent of Saturn Holdings, Inc.) | Filipino | 2,446,009,079 | 42.73% |

* This is inclusive of 52,144,998 scrippless shares

The right to vote or direct the voting or disposition of the Company's shares held by Saturn Holdings, Inc. and Paramount Landequities, Inc. is lodged in LT Group, Inc. These companies are expected to issue their respective proxies in favor of Ms. Juanita Tan Lee and/or Mr. Lucio C. Tan.

b. Security Ownership of Management as of December 31, 2019

| Title of Class | Name of Beneficial Owner | Amount and Nature of Beneficial Ownership | Citizenship | Percentage Held |
|-----------------------|---------------------------------|--|--------------------|------------------------|
| Common | Lucio C. Tan | 2,000 | Filipino | 0.000% |
| Common | Harry C. Tan | 2,000 | Filipino | 0.000% |
| Common | Juanita T. Tan Lee | 5,000 | Filipino | 0.000% |
| Common | Vivienne K. Tan | 100 | Filipino | 0.000% |
| Common | Wilfrido E. Sanchez | 2,000 | Filipino | 0.000% |
| Common | Michael G. Tan | 12,000 | Filipino | 0.000% |
| Common | Karl T. Say | 250 | Filipino | 0.000% |
| Common | Ramon S. Pascual | 250 | Filipino | 0.000% |
| Common | Johnip G. Cua | 100 | Filipino | 0.000% |
| Common | Cirilo P. Noel | 100 | Filipino | 0.000% |

The security ownership of management is all direct. Security ownership of all directors and officers as a group is 23,800 as of December 31, 2019 representing 0.00% of the Company's total outstanding capital stock

c. Foreign Ownership as of December 31, 2019

| Nationality | Title of Class | Amount and Nature of Ownership | Percentage Held |
|-------------|----------------|--------------------------------|-----------------|
| Filipino | Common | 5,722,723,382* | 99.99% |
| Foreign | Common | 294,490 | 0.01% |

*inclusive of 10,000 treasury share

Voting Trust Holders of 5% or more

No person on record holds 5% or more of the common shares under a voting trust agreement.

Changes in Control

No arrangements exist which may result in a change in control of the Company. There has been no change in control of the Company since the beginning of its last fiscal year.

ITEM 12 – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In addition to Note 17 of the Notes to Consolidated Financial Statements the following are additional relevant related party disclosures:

- (a.) The Company, in its regular conduct of business, is involved in transactions with the following companies, which are related parties for the purchase and development of properties, loans, lease contracts, management contracts, marketing contracts and for financing or advances. Though substantial in amount, they are still within normal trade practice.

1.) Business purpose of the arrangements:

The Company engages related parties for various transactions in order to avoid the risk of unfair pricing and to promote stronger ties, which is based on trust and confidence.

- 2.) Identification of the related parties, nature of relationship to the Company and nature of the transaction with the related party:

| Related Party | Relationship to the Company | Nature of the transaction |
|--------------------------------------|-----------------------------|--|
| 1.) Philippine National Bank | Affiliate | Cash deposits and placements, joint venture, marketing agreement, lease of office space, purchase of land and long-term loan |
| 2.) Grandsan Development Corporation | Affiliate | Supply of materials |
| 3.) Basic Holdings Corporation | Affiliate | General management company |
| 4.) Asia Brewery Inc. | Affiliate | Purchase of land |

| Related Party | Relationship to the Company | Nature of the transaction |
|-------------------------------------|-----------------------------|---------------------------|
| 5.) Dunmore Development Corporation | Affiliate | Purchase of land |
| 6.) Profound Holdings Inc. | Affiliate | Purchase of land |
| 7.) Total Holdings Corp. | Affiliate | Purchase of land |
| 8.) Paramount Landequities, Inc. | Affiliate | Purchase of land |

- 3.) Transaction prices are based on terms that are no less favorable than those arranged with third parties and based on industry standards and practices.
 - 4.) No other transactions were undertaken by the Company in which any of its Directors and Executive Officers was involved in or had any direct or indirect material interest in without proper disclosures.
 - 5.) All employees of the Company are required to disclose any business and family-related transactions with the Company.
- (b) There are no parties that fall outside the definition of "related parties" with whom the Company has a relationship that enables them to negotiate terms of material transactions that may not be available to other independent parties on any arm's length basis.
- (c) As of 31 December 2012, the Company became a subsidiary of LT Group, Inc. through Paramount Landequities, Inc.
- (d) The Company has no transactions with promoters.

The effects of the related party transactions are disclosed in Note 17 of the Notes to the Consolidated Financial Statements.

ITEM 13 – CORPORATE GOVERNANCE REPORT

The evaluation system established by the Company to measure or determine the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance.

The Compliance Officer is currently in charge of evaluating the level of compliance of the Board of Directors with its Manual on Corporate Governance as attested in the Certificate of Compliance on Manual on Corporate Governance that was submitted to SEC. The Company actively assesses its performance and adherence to the guidelines in accordance with the required compliance reports of the Commission.

Measures being undertaken by the Company to fully comply with the adopted leading practices on good corporate governance.

The Company is compliant with current policies and prescribed practices on good corporate governance. The Audit Committee amended the Audit Committee Charter to be fully compliant with SEC Memorandum Circular No. 4, Series of 2012. Accordingly, the Board of Directors exercises its oversight functions over the operations, processes and reports of the Management to ensure transparency and adherence to good corporate governance. Likewise, the Board of Directors continually monitors the operations and risk assessments to ensure that the shareholders' and stakeholders' interests are protected. At present, the Company is in the process of drafting a new Manual on Corporate Governance pursuant to the recommendation of Memorandum Circular No. 24.

Series of 2019.

Any deviation from the Company's Manual of Corporate Governance. It shall include a disclosure of the name and position of the person/s involved, and the sanction/s imposed on said individual.

At present, the Company has no knowledge of any deviation committed by any of its personnel from the Company's Manual.

Any plan to improve corporate governance of the company.

The Company is continually improving its observance/implementation of the principles on Corporate Good Governance in order to add value to the shares.

ITEM 14 - EXHIBITS AND REPORTS

- a.) Exhibits
 - Exhibit 1 – 2019 and 2018 Audited Financial Statements
 - Exhibit 2 – Supplementary Schedules
 - Exhibit 3 – Group Structure

- b.) Reports on SEC Form 17-C

SEC Form 17-C (Current Reports) which have been filed during the year is no longer filed as part of the exhibits.

LIST OF ITEMS REPORTED UNDER SEC FORM 17-C (DURING THE LAST 12 MONTHS) – JANUARY 2019 TO NOVEMBER 2019

| Date of Report | Subject Matter Disclosed |
|------------------|---|
| 17 January 2019 | The Company was informed of the Securities and Exchange Commission's approval of the Certificates of Filing of Amended By-Laws of its subsidiaries, Belton Communities, Inc. and FirstHomes, Inc., dated 20 December 2018 and 15 January 2019, respectively. |
| 11 February 2019 | The calling of the Annual Stockholders' Meeting on April 12, 2019 (Friday) at 10:00 A.M. at Century Park Hotel in Vito Cruz, Manila. |
| 7 March 2019 | The Company was informed of the Securities and Exchange Commission's approval of the Certificate of Filing of Amended By-Laws of its subsidiary, Eton City, Inc., dated 28 February 2019. |
| 25 March 2019 | The resignation of Mr. Josefino C. Lucas as Chief Operating Officer of the Company which took effect last 15 April 2019. |
| 12 April 2019 | <p>The approval by the Stockholders of the following:</p> <ol style="list-style-type: none"> 1. The Management Report and the Company's Financial Statements for the year ended December 31, 2018; 2. The confirmation and ratification of all acts and resolutions of the Board of Directors and Management and the President's Report for the year 2018; 3. The election of the Board of Directors. <p>The approval by the Board of Directors of the following matters during the Organizational Meeting:</p> <ol style="list-style-type: none"> 1. Election of Officers 2. Creation of sub-committees and appointment of the members of the Board Committees, 3. Appointment of external auditor |
| 11 November 2019 | The death of Mr. Lucio K. Tan, Jr., President, Chief Executive Officer and director of the Company. |
| 19 November 2019 | The appointments of Mr. Ramon S. Pascual as President and Chief Executive Officer and Ms. Karlu T. Say as Chief Operating Officer. |

ITEM 15 – EXTERNAL AUDIT FEES

a.) Audit Fee and Audit-Related fees

The audit fees of the consolidated annual financial statements or services that are normally provided by SyCip Gorres Velayo & Co. ("SGV"), our external auditor, in connection with statutory and regulatory filings or engagements are as follows:

- 2019 - ₱2,450,000 (exclusive of out-of-pocket expenses)
- 2018 - ₱3,000,000 (exclusive of out-of-pocket expenses)
- 2017 - ₱3,200,000 (inclusive of out-of-pocket expenses)

b.) Other Assurance and Related Services

In relation to the performance of the audit of the registrant's financial statements, the Company likewise engaged the services of SGV for tax compliance purposes for the period ended December 31, 2019 and 2018.

c.) Tax Fees

The Company did not engage any special tax compliance services of SGV for the years ended 2019 and 2018.

d.) All Other Fees

There were no other fees billed in each of the last two fiscal years for products and services provided by SGV other than the services reported above.

e.) The audit committee's approval policies and procedures for the above services

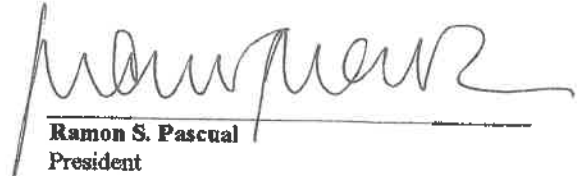
Upon recommendation and approval of the audit committee, the appointment of the external auditor was delegated to the Board of Directors during the annual stockholders' meeting. Financial statements should be approved by the Board of Directors before its release.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on _____, 2020.


By:


Lucio C. Tan
 Chairman


Ramon S. Pascual
 President


Atty. Erollyne C. Go
 Corporate Secretary


Wilfredo Z. Pineda
 Chief Finance Officer


Rita C. Reboso
 Principal Accounting Officer

SUBSCRIBED AND SWORN to before me this FEB 17 day of 2020 at MAKATI CITY, affiants exhibiting to me his/their TIN/Passport/Driver's License, as follows:

| NAMES | TIN/SSS/PASSPORT/DRIVER'S LICENSE NO. | DATE AND PLACE OF ISSUE |
|----------------------|---------------------------------------|---------------------------|
| Lucio C. Tan | X01-52-000850 | July 17, 2016/Quezon City |
| Ramon S. Pascual | 104-169-770 | |
| Wilfredo Z. Pineda | 03-5991498-6 | |
| Atty. Erollyne C. Go | 243-421-903 | |
| Rita C. Reboso | 0142170 | |

Doc. No. 220

Page No. 44

Book No. 4

Series of 2020 _____



Judie O. Cruz
 Notary Public for Makati City
 Roll of Attorneys No. 35358
 PTR No. 8117121/1-2-2020
 IBP Lifetime Member No. 00104
 6/F 6754 Ayala Avenue, Makati City
 MCLE Compliance No. VI-0017668/01-31-2019
 Commission No. M-114 until 31 December 2020

Exhibit 2

**ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
INDEX TO SUPPLEMENTARY SCHEDULES
SEC FORM 17-A**

SUPPLEMENTARY SCHEDULES

Report of Independent Auditors on Supplementary Schedules

| | |
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| C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements | 49 |
| D. Intangible Assets – Other Assets | 50 |
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| G. Guarantees of Securities of Other Issuers | * |
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| J. Corporate Structure | 55 |
| K. Summary of Key Performance Indicators | 56 |
| <i>*Not applicable</i> | |

Schedule A. Financial Assets
As of December 31, 2019

| | Amount shown in the balance sheet | Fair value at end of reporting period | Income received and accrued |
|-----------------------------|---|--|--------------------------------|
| Cash and cash equivalents | ₱2,323,875,922 | ₱2,323,875,922 | ₱98,325,367 |
| Trade and other receivables | 1,598,084,902 | 1,598,084,902 | 7,622,941 |
| Deposits in escrow accounts | 1,942,955 | 1,942,955 | - |
| Refundable deposits | 159,606,281 | 159,606,281 | - |
| | ₱4,083,510,060 | ₱4,083,510,060 | ₱105,948,308 |

Note:

Please refer to Note 28 of the Consolidated Financial Statements for the carrying values and fair values of the Company's financial assets and liabilities.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other related parties)
As of December 31, 2019

- There are no receivables which are considered outside of the Company's ordinary course of business.

Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

| Name and Designation of Debtor | Beginning Balance | Movement | Ending Balance |
|---|------------------------------|-----------------|-----------------------|
| BELTON COMMUNITIES, INC. | ₱947,491 | (₱647,701) | ₱299,790 |
| ETON CITY, INC. | 800,497,999 | 17,948,340 | 818,446,339 |
| FIRSTHOMES, INC. | 50,107,103 | 597,721 | 50,704,824 |
| EPMC | 771,107 | (771,107) | - |
| | ₱852,323,700 | ₱17,127,253 | ₱869,450,953 |

**Related party transactions consist of interest-free, payable on demand advances to subsidiaries.*

Schedule D. Intangible Assets*

| Description | Balance at Beginning of period | Additions | Charged to Cost & Expenses | Charged to Other Accounts | Other Changes Additions (Deductions) | Balance at end of period |
|--|---|------------------|---|--------------------------------------|---|-------------------------------------|
| Acquisition of various computer software, SAP system | P4,682,619 | P17,782,888 | (P5,893,444) | - | P | P16,752,063 |

*included as part of other noncurrent assets

Schedule E. 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 balance sheet* | | Amount shown under caption "non-current portion of long-term debt" in balance sheet* | | Interest Rate | Number of Period Installment | Maturity Date |
|---------------------------------------|--------------------------------|--|--|--|-------------|---------------|------------------------------|---------------|
| | | | | | | | | |
| PNB Term Loan | ₱4,490,000,000 | ₱827,514,915 | | ₱2,731,681,812 | 5.00% | 20 | 5/31/2023 | |
| AUB Term Loan | 1,500,000,000 | 373,700,292 | | 1,092,106,525 | 5.00% | 16 | 9/28/2023 | |
| BPI Term Loan | 1,500,000,000 | (1,457,023) | | 1,242,152,796 | 6.8% - 7.9% | 28 | 7/31/2028 | |
| | ₱7,490,000,000 | ₱1,199,758,184 | | ₱5,065,941,133 | | | | |

* Net of unamortized transaction costs.

Schedule F. Indebtedness to Related Parties

| | Balance at beginning of period | Balance at end of period |
|------------------------------|---|-------------------------------------|
| Philippine National Bank* | ₱4,585,880,838 | ₱3,893,308,189 |
| Asia Brewery Incorporated | 444,000,000 | 444,000,000 |
| Dunmore Development Corp. | 37,900,876 | 37,900,876 |
| Profound Holdings | 42,445,364 | 42,445,364 |
| Total Holdings | 38,651,236 | 38,651,236 |
| Paramount Landequities, Inc. | 30,367,454 | 30,367,454 |
| Basic Holdings Corporation | - | 7,760,000 |
| Grandsan Development Corp. | 3,021,083 | 3,021,083 |
| | ₱5,182,266,851 | ₱4,497,454,202 |

* Amount includes outstanding balance of Loans Payable net of unamortized transaction costs and Payable to landowner.

Schedule H. Capital Stock

| Title of Issue | Number of Shares Authorized | Number of Shares | | Number of Shares Reserved for Options, Warrants, Conversion and Other Rights | Number of Shares held by Related Parties | Directors, Officers and Employees |
|-------------------------------|-----------------------------|--|---|--|--|-----------------------------------|
| | | Issued and Outstanding shown under related Balance Sheet Caption | | | | |
| Common Stock: | | | | | | |
| <i>Paramount Landequities</i> | 8,000,000,000 | 5,723,017,872* | - | | 5,701,364,603 | 23,800 |
| <i>Saturn Holdings, Inc.</i> | | | | | 3,755,355,524** | - |
| <i>Lucio C. Tan</i> | | | | | 2,446,009,079 | 2,000 |
| <i>Harry C. Tan</i> | | | | | | 2,000 |
| <i>Karl T. Say</i> | | | | | | 250 |
| <i>Ramon Pascual</i> | | | | | | 250 |
| <i>Juanita Tan Lee</i> | | | | | | 5,000 |
| <i>Vivienne K. Tan</i> | | | | | | 100 |
| <i>Wilfrido E. Sanchez</i> | | | | | | 2,000 |
| <i>Cirilo P. Noel</i> | | | | | | 100 |
| <i>Michael G. Tan</i> | | | | | | 12,000 |
| <i>Johnip G. Cua</i> | | | | | | 100 |

* This is inclusive of 10,000 Treasury Shares

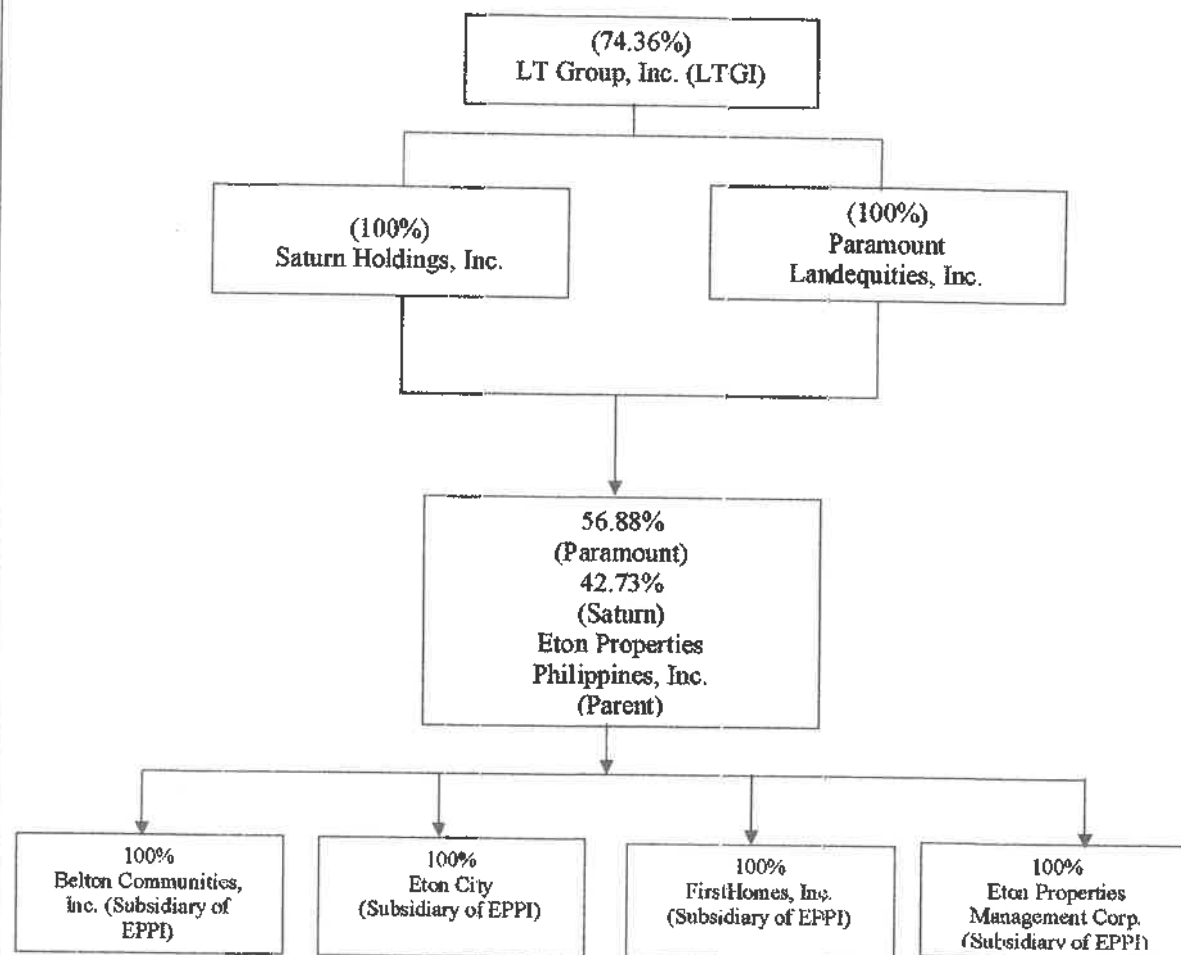
** This is inclusive of 52,144,998 scrippless shares acquired by Paramount Landequities, Inc. from the public during the Tender Offer conducted last December 2012. These shares are lodged under PCD Nominee Corp.

**SCHEDULE I - RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
DECEMBER 31, 2019**

| | | |
|---|-------------|-----------------------|
| Retained earnings as at December 31, 2018 | | P3,119,036,654 |
| Less: Adjustments due to adoption of PFRS 16 | | 116,075,290 |
| Retained earnings available for dividend declaration as at December 31, 2018 | | 3,002,962,364 |
| Add: Net income actually earned/realized during the period | | |
| Net income during the period closed to Retained Earnings | 694,296,942 | |
| Less: Non-actual/unrealized income net of tax | | |
| Equity in net income of associate/joint venture | | |
| Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents) | | |
| Unrealized actuarial gain | | |
| Fair value adjustment (M2M gains) | | |
| Fair value adjustment of investment property resulting to gain | | |
| Adjustment due to deviation from PFRS/GAAP - gain | | |
| Movement of deferred income tax assets | 15,556,269 | |
| Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS | | |
| Add: Non-actual losses | | |
| Depreciation on revaluation increment (after tax) | | |
| Movement of deferred income tax assets | | |
| Adjustment due to deviation from PFRS/GAAP - loss | | |
| Loss on fair value adjustment of investment property (after tax) | | |
| RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AS AT DECEMBER 31, 2019 | | P3,681,702,037 |

Schedule J

**ETON PROPERTIES PHILIPPINES, INC.
CORPORATE STRUCTURE
As of December 31, 2019**



Schedule K

SUMMARY OF KEY PERFORMANCE INDICATORS

| | December 31 2018 | | December 31 2017 | |
|--|------------------|--------|------------------|--------|
| A. CURRENT RATIO | | | | |
| current assets | 9,229,902,364 | 1.19 | 10,586,748,626 | 1.74 |
| current liabilities | 7,743,432,461 | | 6,101,588,717 | |
| B. DEBT TO EQUITY RATIO | | | | |
| total liabilities | 13,992,295,447 | 0.78 | 14,326,375,920 | 0.84 |
| stockholders' equity | 17,835,397,803 | | 16,996,159,032 | |
| C. QUICK RATIO | | | | |
| cash & cash equivalent | 2,323,875,922 | | 2,642,543,070 | |
| receivable(current) | 923,780,710 | | 1,396,772,534 | |
| | 3,247,656,632 | 0.42 | 4,039,315,604 | 0.66 |
| current liabilities | 7,743,432,461 | | 6,101,588,717 | |
| D. ASSET TO EQUITY RATIO | | | | |
| total assets | 31,827,693,250 | 1.78 | 31,322,534,952 | 1.84 |
| total equity | 17,835,397,803 | | 16,996,159,032 | |
| E. INTEREST COVERAGE RATIO | | | | |
| EBIT | 1,643,081,501 | 4.51 | 972,137,948 | 3.34 |
| Interest expense | 364,339,860 | | 290,711,789 | |
| F. GP RATE ON REAL ESTATE SALES | | | | |
| Gross Profit | 760,808,973 | 0.53 | 507,885,248 | 0.30 |
| Real Estate Sales | 1,424,597,666 | | 1,704,010,551 | |
| G. GP RATE ON RENTAL INCOME | | | | |
| Gross Profit | 1,260,944,180 | 0.74 | 1,121,171,035 | 0.75 |
| Rental Income | 1,707,833,363 | | 1,494,724,468 | |
| H. BASIC EARNINGS PER SHARE | | | | |
| Net income after tax | 900,383,799 | 0.1573 | 491,732,566 | 0.0859 |
| no of shares | 5,723,007,872 | | 5,723,017,872 | |