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

MANAGEMENT REPORT

ITEM 1 – BUSINESS OF THE CORPORATION AND ITS SUBSIDIARIES

1. Business of the Corporation

Eton Properties Philippines, Inc. (hereinafter, "Eton" or the "Company") is the real estate arm of LT Group, Inc., developing commercial and residential projects across Metro Manila and its surrounding areas. The Company's diversified portfolio includes commercial centers and office buildings, residential and mixed-use high-rise and mid-rise condominiums, residential subdivisions, and township projects.

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.

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.

2. Business of the Corporation's Subsidiaries

The subsidiaries of the Company and their businesses are as follows:

a. Eton City, Inc.

Eton City, Inc. (hereinafter, "ECI") is a wholly owned subsidiary incorporated in 2008. It 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. 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.

b. Belton Communities, Inc.

Belton Communities, Inc. (hereinafter, "BCI") is a wholly owned subsidiary incorporated in 2007. It caters to the middle-income market segment. From well-located communities to exciting amenities and features, BCI's 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.

c. Eton Hotels & Leisure, Inc. (formerly FirstHomes, Inc.)

Eton Hotels & Leisure, Inc (hereinafter, "EHLI") is a wholly owned subsidiary incorporated in 2010. Its primary purpose is to manage and operate hotels, resorts, apartelles, serviced apartments and other hospitality facilities, buildings, houses, apartments and other structures and immovable and personal property.'s

d. Eton Properties Management Corporation

Eton Properties Management Corporation (hereinafter, "EPMC") is a wholly owned subsidiary incorporated in 2011. It is a real estate management company organized to maintain the Company's residential and commercial projects located in various sites. EPMC commenced its commercial operations in 2016.

ITEM 2 – 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 Management Report.

ITEM 3 – INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

1. Audit Fee and Audit-Related fees

Audit fees paid to SyCip Gorres Velayo & Co. ("SGV"), the Company's external auditor, in connection with statutory and regulatory filings or engagements are as follows:

2022 - ₱2,450,000 (inclusive of out-of-pocket expenses)
2021 - ₱2,450,000 (inclusive of out-of-pocket expenses)
2020 - ₱2,450,000 (inclusive of out-of-pocket expenses)

Other Assurance and Related Services

The Company also engaged the services of SGV for tax compliance purposes for the period ended December 31, 2022 and 2021.

2. Tax Fees

SGV did not provide any special tax compliance services for the Company for the years ended 2022 and 2021.

3. All Other Fees

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

4. The Audit Committee's approval policies and procedures for the above services

In 2007, the appointment of the external auditor was delegated by the stockholders to the Board of Directors. The delegated authority has not been revoked or reversed.

In compliance with Chapter IV.C.3 of the Revised Corporate Governance Manual of the Company, the quarterly and annual financial statements are reviewed by the Audit Committee before their submission to the Board of Directors for approval before their release. The Audit Committee also evaluates the non-audit and additional work, if any, to be rendered by the external auditor before endorsing the same to the Board for approval.

5. Disagreements with Accountants on Accounting and Financial Disclosure

There were no disagreements with the Company's accountants on any accounting and financial disclosure during the three most recent years in the year ended 31 December 2022 or in any subsequent interim period.

6. Additional Components of Financial Statements

a. Tabular Schedule of Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year.

b. Map on the Relationships of Companies that are Part of the Conglomerate

The Company's corporate structure is shown in Schedule J (page 53) of the Annual Report.

ITEM 4 – MARKET FOR THE CORPORATION'S SHARES

1. Market Information

The Company voluntarily delisted its shares from the Philippine Stock Exchange in 2012 and delisting took effect on 2 January 2013. Up to the present time, the Company's shares are not publicly traded.

2. Holders

There are approximately 1,668 holders of shares of the Company as of 11 April 2023.

The Company has a total outstanding capital stock of 5,723,017,872 shares as of 11 April 2023. Hereunder is the list of the top twenty (20) stockholders as of 11 April 2023:

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)**	54,387,683	0.9503322236
4. Sytencgo &/or Necisto U. Sytencgo, Aylene Y.	4,330,000	0.0756593828
5. Sytengco, Aylene Y.	802,334	0.0140194215
Sytengco, Ned Bryan Y.	802,333	0.0140194041
6. 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	**5,714,136,932**	**99.8448206838**

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

Voting Rights

Each share is entitled to one (1) vote.

With respect to the election of Directors, stockholders of record are entitled to as many number of votes as is equal to the number of shares he owns multiplied by eleven (11), the number of Directors to be elected. A stockholder may (i) cast all votes in favor of one (1) nominee, or (ii) cast votes for as many Directors to be elected, or (iii) distribute the votes among as many nominees he shall see fit.

3. Dividends

The Company distributes dividends subject to the availability of unrestricted retained earnings. Among others, the Board of Directors takes into consideration the earnings, cash flow and financial condition of the Company before declaring any dividends.

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

All dividends are subject to the approval of the Company's Board of Directors and in the case of stock dividend, by the Stockholders representing at least two thirds (2/3) of the outstanding capital stock. In addition, stock or property dividends require the approval of the Commission.

The Company's retained earnings are restricted for payment of dividends to the extent of the amount of Treasury shares amounting to ₱7,955.00.

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 5 – MANAGEMENT'S DISCUSSION AND ANALYSIS

First Quarter 2023

a) Result of Operations

The Company's ended the first three months of 2023 with a net income after tax of ₱122.46 million, 4% or ₱5.24 million lower than ₱127.69 million recorded in 2022. The decrease is mainly attributable to lower revenues, increase in costs and lower other income in the first three months of 2023. Rental income decreased by 3% or ₱12.92 million on account of lower occupancy from its retail and residential leasing segment. On the other hand, revenue from rooms and other serviced apartments grew by 19% or ₱7.81 million for the first three months of 2023.

Cost of rent income increased by ₱11.40 million or 6% as a result of increase in depreciation expense related to Blakes Tower which was fully completed last year. Likewise, cost of rooms and other operated department increased by ₱3.17 million or 12% due to increase in commission expense as result of higher revenue from online travel accounts. General and administrative expenses decreased by ₱19.35 million or 13% mainly due to decrease in personnel costs and expected credit losses compared to 2022.

Net Other charges/income, on the other hand, decreased by 7% or ₱5.57 million mainly due to lower other income during the first three months of 2023 as compared to same period in the prior year this was partially offset by the decrease in finance charges by 51% or ₱47.24 million due to lower interest costs for the first three months of 2023.

This year, the Company expect the office leasing segment to improve as companies, especially from the IT-BPO sector plan to expand their operations with a positive outlook.

Commercial leasing, on the other hand is expected to increase its leasable space as the four-hectare Eton City Square, a commercial complex in the 600 hectare Eton City township in Sta. Rosa, Laguna is 95% complete and ready for operations. More retail stores are slated to open in various Eton commercial properties in Makati, Quezon City, and Sta. Rosa, Laguna this 2023.

For residential leasing, the Company expect a steady increase in occupancy as face-to-face classes resume and more companies require employees to return to work. Likewise, The Mini Suites' occupancy is expected to rebound this year as it seized the travel bounce opportunity in the final quarter.

b) Financial Condition

As of March 31, 2023, the Company's consolidated assets stood at ₱30,584 million, lower than the ₱30,909 million consolidated assets as of December 31, 2022. The decrease primarily pertains to the decrease in Cash and Cash Equivalents, Property and Equipment and Right of Use Asset. Cash and Cash Equivalents decreased by ₱391.55 million or 33.42% due to payment of its outstanding bank loans during the first three months of 2023. The decrease in Property and Equipment from ₱714.31 million as of December 31, 2022 to ₱697.87 million as of March 31, 2023 or a decrease of ₱16 million, mainly pertains to the depreciation recognized during the first three months of 2023.

Total liabilities decreased by ₱447.63 million from ₱11,321 million as of December 31, 2022 to ₱10,874 million as of March 31, 2023 mainly due to the decrease in loans payable by ₱441.93 million or 10% which pertains to principal payments made during the first three months of 2022.

The Group's top five (5) key performance indicators are:

1. <u>Net Income</u>

   The Company posted net income of ₱122.46 million for the three months ended March 31, 2023. This is 4% lower than last year's net income after tax for the same period of ₱127.69 million. The decrease in net income is mainly due to the decrease in the Group's total revenue, other income and increase in cost of rent and cost of rooms and other operated departments.

2. <u>Current Ratio (*Current Assets/Current Liabilities*)</u>

   Current ratio as of March 31, 2023 and December 31, 2022 is 1.31:1 and 1.28:1, respectively. The slight improvement was mainly due to lower current liabilities as a result of payments of bank loans for the first three months of 2023.

3. <u>Basic and Diluted Earnings Per Share</u>

   The Group reported basic earnings per share of ₱0.021 and ₱0.022 for the three months ended March 31, 2023 and 2022, respectively.

4. <u>Debt to Equity Ratio (*Total Liabilities/Total Equity*)</u>

Debt to equity ratio decreased to 0.55:1 as of March 31, 2023 from 0:58:1 as of December 31, 2022. The decrease was mainly due to the principal payment of bank loans made during the period.

5. <u>Quick Ratio (*Cash and Cash Equivalents and Receivables/Current Liabilities*)</u>

   Quick ratio as of March 31, 2023 of 0.42:1 is lower than the quick ratio as of December 31, 2022 of 0.45:1 primarily due to lower Cash and Cash Equivalents as of end of March 31, 2023. The decrease in current assets was mainly due to payment of outstanding bank loans during the first three months of 2023.

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

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

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

(iv) 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.

Please see Results of Operation

(v) The Company has various planned capital expenditure to be funded by internally generated funds from operations and these are intended for the completion and repairs and maintenance of its existing projects as follows:

- Completion of Eton City Square a commercial complex in Eton City.
- Various repairs and maintenance for Eton Centris, Eton Cyberpod Corinthian.
- Various repairs and maintenance of ready for occupancy (RFO) units in North Belton Communities, 68 Roces in Quezon City and West Wing Residences in Eton City.

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

(vii) The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item:

Results of our vertical analyses showed the following showed the following material changes (+/- 5% and above) as of and for the years ended March 31, 2023 and December 31, 2022:

	Statement of Financial Position			Horizontal	Vertical
	2023	**2022**	**Inc (Dec) Amount**	**Inc (Dec) %**	**2023**
CASH AND CASH EQUIVALENTS	**780,144,807**	1,171,698,501	(391,553,693.78)	-33.42%	2.55%
TRADE AND OTHER RECEIVABLES	**1,921,855,884**	1,902,649,028	19,206,856.45	1.01%	6.28%
REAL ESTATE INVENTORY	**4,085,430,206**	4,074,804,148	10,626,057.82	0.26%	13.36%
OTHER CURRENT ASSETS	**1,653,729,438**	1,518,454,403	135,275,035.28	8.91%	5.41%
INVESTMENT PROPERTY	**20,896,830,478**	20,984,232,401	(87,401,923.30)	-0.42%	68.33%
PROPERTY AND EQUIPMENT	**697,865,893**	714,308,080	(16,442,187.33)	-2.30%	2.28%
RIGHT OF USE ASSET	**191,090,259**	198,075,722	(6,985,463.25)	-3.53%	0.62%
DEFERRED TAX ASSET	**24,954,594**	12,507,872	12,446,722.45	99.51%	0.08%
OTHER NON-CURRENT ASSETS	**332,093,443**	332,438,799	(345,356.00)	-0.10%	1.09%
TRADE AND OTHER PAYABLES	**3,368,553,098**	3,421,688,475	(53,135,377.19)	-1.55%	11.01%
CUSTOMER'S DEPOSIT	**938,173,478**	928,536,195	9,637,282.79	1.04%	3.07%
INCOME TAX PAYABLE	**13,185,501**	9,631,566	3,553,935.07	36.90%	0.04%
LOANS PAYABLE	**4,002,723,420**	4,444,637,158	(441,913,738.17)	-9.94%	13.09%
LEASE LIABILITIES	**478,144,433**	481,603,847	(3,459,414.48)	-0.72%	1.56%
DEPOSITS AND OTHER LIABILITIES	**930,398,613**	905,158,167	25,240,446.00	2.79%	3.04%
PAYABLES TO LANDOWNERS	**1,061,190,858**	1,061,190,858	-	0.00%	3.47%
DEFERRED INCOME TAX LIABILITIES	**81,459,458**	69,012,736	12,446,722.45	18.04%	0.27%
CAPITAL STOCK	**5,723,017,872**	5,723,017,872	-	0.00%	18.71%
ADDITIONAL PAID IN CAPITAL	**8,206,662,618**	8,206,662,618	-	0.00%	26.83%
RETAINED EARNINGS	**5,647,717,850**	5,525,261,659	122,456,190.97	2.22%	18.47%
ACCUMULATED REMEASUREMENT ON RETIREI	**132,775,758**	132,775,758	-	0.00%	0.43%
TREASURY STOCKS	**(7,955)**	(7,955)	-	0.00%	0.00%

Results of our horizontal analyses showed the following material changes (+/- 5% and above) as of and for the years ended March 31, 2023 and December 31, 2022:

1. Cash and cash equivalents – 33% decrease mainly due to interest and principal bank loan payments in the first quarter of 2023.
2. Other current assets – 9% increase mainly due to increase in prepaid taxes for payment of business permit and real property tax.
3. Deferred tax asset – 99% increase mainly due to increase in temporary differences between account and tax treatments.
4. Income tax payable – 37% increase mainly due to the income due for the first three months of the year.
5. Loans payable – 10% decrease mainly due to payments made during the first three months of the year.
6. Deferred tax liabilities – 18% increase mainly due to movement of temporary differences between accounting and tax treatments.

All of these material changes were explained in detail in the Management’s Discussion and analysis of Financial Condition and Results of Operations stated above.

Full Year 2022

a) Result of Operations

The Company’s net income after tax decreased by 46.28% or ₱254.65 million, from ₱550.25 million in 2021 to ₱295.59 million in 2022. The decrease is attributable to the increase in cost of leasing by 17.86% or ₱130.9 million, from ₱732.79 million in 2021 to ₱863.69 million in 2022. This is mainly due to depreciation expense recognized for Blakes Tower. Real estate sales were higher by 63.52%. or ₱87.45 million, likewise rental income increased by 8.26% or ₱133.30 million. Room and other operated departments, on the other hand, decreased by 19.09% or ₱42.03 million from ₱220.18 million in 2021 to ₱178.15 million for the year 2022, due to the lower room occupancy of its serviced apartment in Makati City.

As the economy started to stabilize in 2022, the Company continued its efforts to source new locators to invest in various projects of the Company to further improve occupancy.

Net other income, meanwhile, decreased by 92.08% or ₱311.67 million compared to last year mainly due to increase in finance charges during the year.

The Company's wholly-owned subsidiaries, ECI and BCI, contributed a combined gross revenue of ₱40.21 million.

Provision for income tax decreased by 25.42% or ₱28.67 million, from ₱112.78 million in 2021 to ₱84.11 million in 2022, due to lower net income and decrease in income tax rate brought about by the effectivity of the CREATE bill.

Expenses

General and administrative expenses decreased by 19.26% or ₱142.69 million, from ₱740.88 million in 2021 to ₱598.19 million in 2022, mainly due to lower provision for estimated credit losses and personnel costs. Finance charges, however, increased by 25.72% or ₱66.15 million, from ₱257.23 million in 2021 to ₱323.38 million in 2022 due to non-capitalization of interest costs as the Company's latest project, Blakes Tower, has already been completed by year-end of 2021.

b) Financial Condition

As of December 31, 2022, the Company's consolidated assets decreased by 4.56% or ₱1,475.14 million, from ₱32,384.31 million as of December 31, 2021 to ₱30,909.16 million of December 31, 2022. The decrease primarily pertains to the decrease in cash and cash equivalents by 46.23% or ₱1,007.41 million, from ₱2,179.11 million as of December 31, 2021 to ₱1,171.70 million as of December 31, 2022. The decrease is mainly due to loans payable settlement during the year. Investment properties also decreased by 1.44% or ₱307.14 million, from ₱21,291.37 million as of December 31, 2021 to ₱20,984.23 million as of December 31, 2022, mainly due to the depreciation expense recognized during the year.

Total liabilities slightly decreased by ₱1,839.13 million, from ₱13,160.59 million as of December 31, 2021 to ₱11,321.46 million as of December 31, 2022. The decrease is mainly due to the decrease in loans payable by 27.57% or ₱1,691.73 million, from ₱6,136.37 million as of December 31, 2021 to ₱4,444.64 million as of December 31, 2022.

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

1. Net Income

The Company posted a net income after tax of ₱295.59 million for the year ended December 31, 2022, lower than the net income generated in 2021 of ₱550.25 million. The decrease was mainly attributable to the increase in cost of leasing and finance charges.

2. Current Ratio (Current Assets/Current Liabilities)

Current ratio as of December 31, 2022 1.28:1 compared to 1.49:1 as of December 31, 2021. The decrease was mainly due to the decrease in Cash and Cash Equivalent as a result of bank loans payable settlement during the year.

3. Earnings Per Share

The Company reported earnings per share of ₱0.051 per share for the year ended

December 31, 2022 and ₱0.096 for the period ended 2021. Diluted earnings per share for the period ending December 31, 2022 and 2021 is at ₱0.051 and ₱0.096 per share, respectively.

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

The Company's debt to equity ratio decreased to 0.58 as of December 31, 2022 from 0.68 as of December 31, 2021. Tthe 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, 2022 and December 31, 2021 is 0.46:1 and 0.63:1, respectively. The increase is primarily due to lower cash and cash equivalents, while operating & capital expenditures where reduced during the year.

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 Company has various planned capital expenditure to be funded by internally generated funds from operations and these are intended for the completion and repairs and maintenance of its existing projects as follows:

- Completion of Eton City Square a commercial complex in Eton City.
- Various repairs and maintenance for Eton Centris, Eton Cyberpod Corinthian.
- Various repairs and maintenance of ready for occupancy (RFO) units in North Belton. Communities, 68 Roces in Quezon City and West Wing Residences in Eton City.

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

Results of our vertical analyses showed the following showed the following material changes (+/- 5% and above) as of and for the years ended December 31, 2023 and December 31, 2022:

	Statement of Financial Position			Horizontal	Vertical
	2022	2021	Inc (Dec) Amount	Inc (Dec) %	2022
CASH AND CASH EQUIVALENTS	**1,171,698,501**	2,179,108,363	(1,007,409,862.00)	-46.23%	3.79%
TRADE AND OTHER RECEIVABLES	**1,902,649,028**	1,983,993,812	(81,344,784.00)	-4.10%	6.16%
REAL ESTATE INVENTORY	**4,074,804,148**	4,158,419,704	(83,615,556.00)	-2.01%	13.18%
OTHER CURRENT ASSETS	**1,518,454,403**	1,452,051,842	66,402,561.00	4.57%	4.91%
INVESTMENT PROPERTY	**20,984,232,401**	21,291,373,182	(307,140,781.00)	-1.44%	67.89%
PROPERTY AND EQUIPMENT	**714,308,080**	773,648,541	(59,340,461.00)	-7.67%	2.31%
RIGHT OF USE ASSET	**198,075,722**	234,771,266	(36,695,544.00)	-15.63%	0.64%
DEFERRED TAX ASSET	**12,507,872**	8,253,394	4,254,478.00	51.55%	0.04%
OTHER NON-CURRENT ASSETS	**332,438,799**	302,689,115	29,749,684.00	9.83%	1.08%
TRADE AND OTHER PAYABLES	**3,421,688,475**	3,475,341,163	(53,652,688.00)	-1.54%	11.07%
CUSTOMER'S DEPOSIT	**928,536,195**	955,097,869	(26,561,674.00)	-2.78%	3.00%
INCOME TAX PAYABLE	**9,631,566**	8,582,123	1,049,443.00	12.23%	0.03%
LOANS PAYABLE	**4,444,637,158**	6,136,366,887	(1,691,729,729.00)	-27.57%	14.38%
LEASE LIABILITIES	**481,603,847**	508,596,715	(26,992,868.00)	-5.31%	1.56%
DEPOSITS AND OTHER LIABILITIES	**905,158,167**	912,363,321	(7,205,154.00)	-0.79%	2.93%
PAYABLES TO LANDOWNERS	**1,061,190,858**	1,061,190,858	-	0.00%	3.43%
DEFERRED INCOME TAX LIABILITIES	**69,012,736**	103,047,314	(34,034,578.00)	-33.03%	0.22%
CAPITAL STOCK	**5,723,017,872**	5,723,017,872	-	0.00%	18.52%
ADDITIONAL PAID IN CAPITAL	**8,206,662,618**	8,206,662,618	-	0.00%	26.55%
RETAINED EARNINGS	**5,525,261,659**	5,229,670,297	295,591,362.00	5.65%	17.88%
ACCUMULATED REMEASUREMENT ON RETIREI	**132,775,758**	64,380,137	68,395,621.00	106.24%	0.43%
TREASURY STOCKS	**(7,955)**	(7,955)	-	0.00%	0.00%

Results of the horizontal analyses showed the following material changes (+/- 5% and above) as of and for the years ended December 31, 2022 and December 31, 2021 :

1. Cash and cash equivalents — -46.23%
   The decrease was primarily due to lower cash and cash equivalents as a result of loan payment during the year.

2. Other Current Assets — 4.57
   The increase was mainly due to the increase in Advances to Contractors, Input VAT and Deferred Rent Assets.

3. Property and equipment — -7.67%
   The decrease was mainly due to the depreciation recognized during the year.

4. Right of use asset — -15.63%
   The decrease was mainly due to the amortization recognized during the year.

5. Deferred income tax assets — 51.55%
   The increase primarily represents the timing difference between tax and book basis of accounting for real estate and leasing transactions.

6. Other noncurrent assets — 9.83%
   The increase primarily pertained to the increase in refundable deposits.

7. Loans payable — -27.57%
   The decrease was mainly due loan settlement made during the year.

8. Lease liabilities -5.31%
The decrease was mainly due to the amortizations recognized during the year.

9. Deferred income tax liabilities -38.03%
The decrease primarily represents the timing difference between tax and book basis of accounting for real estate and leasing transactions.

11. Income Tax Payable 12.23%
The increase primarily represents the increase in tax due on leasing transactions and management fee recognized by EPMC.

ANALYSIS OF PRIOR YEAR OPERATIONS AND FINANCIAL CONDITION

Full Year 2021

a) Result of Operations

The Company’s net income after tax decreased by 31.40% or ₱251.86 million, from ₱802.10 million in 2020 to ₱550.25 million in 2021. The decrease is attributable to the decline in revenues by 24.28% or ₱632.50 million, from ₱2,604.57 million in 2020 to ₱1,972.07 million in 2021. Real estate sales were lower by 78.55%. or ₱504.02 million, while rental income decreased by 8.16% or ₱143.48 million as a result of the slow-down in economic activity brought about by the restrictions imposed by the Government due to the COVID-19 pandemic. Room and other operated departments, on the other hand, increased by 7.31% or ₱15.00 million from ₱205.18 million in 2020 to ₱220.19 million for the year 2021, due to the higher room occupancy of its serviced apartment in Makati City.

Other income meanwhile, increased by 71.09% or ₱140.63 million compared to last year mainly due to new service contracts rendered by the Company during the year.

The Company’s wholly-owned subsidiaries, ECI and BCI contributed a combined gross revenue of ₱130.55 million.

Provision for income tax decreased by 69.82% or ₱248.94 million, from ₱361.72 million in 2020 to ₱112.78 million in 2021, due to lower net income and decrease in income tax rate brought about by the effectivity of the CREATE bill.

Expenses

General and administrative expenses increased by 26.83% or ₱156.74 million, from ₱584.14 million in 2020 to ₱740.88 million in 2021, mainly due to higher provision for estimated credit losses. Finance charges, however, decreased by 5.67% or ₱15.46 million, from ₱272.69 million in 2020 to ₱257.23 million in 2021 due to principal bank loan repayments and lower interest costs during the year.

The Company is closely monitoring the business activities of its tenants in order to assist and mitigate the impact of the pandemic in their operations. Our sustainable partnership with our tenants continue to play a vital role in navigating this crisis. Considering the effects of the pandemic, the Company put proactive measures to mitigate vacancy risk. The aim of the Company now is to work in partnership with tenants to finish the year with steady revenue and prepare to bounce back by next year, as the Government starts to ease restrictions.

The Company strictly implements and follows national and local government advisories and guidelines as well as the best practices taken by the Philippine Department of Health (DOH) to support the government's objective fully stop the spread of the Covid-19 virus.

b) Financial Condition

As of December 31, 2021, the Company's consolidated assets increased by 1.77% or ₱562.37 million, from ₱31,821.94 million as of December 31, 2020 to ₱32,384.31 million of December 31, 2021. The increase primarily pertains to the increase in cash and cash equivalents by 54.85% or ₱771.83 million, from ₱1,407.27 million as of December 31, 2020 to ₱2,179.11 million as of December 31, 2021. The increase is mainly from the Company's collections from leasing operations and real estate sales customers, while operating & capital expenditures where reduced during the year. Investment properties also increased by 1.96% or ₱408.64 million, from ₱ 20,882.74 million as of December 31, 2020 to ₱21,291.37 million as of December 31, 2021, mainly due to the continuous development of WestEnd Square, a mixed-use development in Makati and Eton City Square in Sta. Rosa, Laguna.

Total liabilities slightly decreased by ₱19.89 million, from ₱13,180.47 million as of December 31, 2020 to ₱13,160.59 million as of December 31, 2021. The decrease is mainly due to the decrease in Customers' deposits by 4.27% or ₱42.62 million, from ₱997.71 million as of December 31, 2020 to ₱955.10 million as of December 31, 2021, which pertains to prior year collections that were recognized as real estate sales in 2021, upon meeting the Company's revenue recognition criteria.

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

1. Net Income

The Company posted net income after tax of ₱550.25 million for the year ended December 31, 2021, lower than the net income generated in 2020 of ₱802.10 million. The decrease was mainly attributable to the decrease in revenues

2. Current Ratio (Current Assets/Current Liabilities)

Current ratio as of December 31, 2021 1.49:1 compared to 1.59:1 as of December 31, 2020. The decrease was mainly due to the reclassification of bank loans payable that will become due in the next 12 months.

3. Earnings Per Share

The Company reported earnings per share of ₱0.096 per share for the year ended December 31, 2021 and ₱0.140 for the period ended 2020. Diluted earnings per share for the period ending December 31, 2021 and 2020 is at ₱0.096 and ₱0.140 per share, respectively.

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

The Company's debt to equity ratio decreased to 0.68 as of December 31, 2021 from 0.71 as of December 31, 2020, 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, 2021 and December 31, 2020 is 0.63:1 and 0.56:1, respectively. The increase is primarily due to higher cash and cash equivalents, mainly collected from the Company's leasing operations and real estate sales customers, while operating & capital expenditures where reduced during the year.

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 Company has various planned capital expenditure to be funded by internally generated funds from operations and these are intended for the completion and repairs and maintenance of its existing projects as follows:

- Completion of Eton City Square a commercial complex in Eton City.
- Various repairs and maintenance for Eton Centris, Eton Cyberpod Corinthian.
- Various repairs and maintenance of ready for occupancy (RFO) units in North Belton. Communities, 68 Roces in Quezon City and West Wing Residences in Eton City.

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

Results of our vertical analyses showed the following showed the following material changes (+/-5% and above) as of and for the years ended December 31, 2021 and December 31, 2020:

	Statement of Financial Position			Horizontal	Vertical
	2021	**2020**	**Inc (Dec) Amount**	**Inc (Dec) %**	**2021**
CASH AND CASH EQUIVALENTS	**2,179,108,363**	1,407,273,712	771,834,651.00	54.85%	6.73%
TRADE AND OTHER RECEIVABLES	**1,983,993,812**	2,310,325,815	(326,332,003.00)	-14.12%	6.13%
REAL ESTATE INVENTORY	**4,158,419,704**	4,140,024,825	18,394,879.00	0.44%	12.84%
OTHER CURRENT ASSETS	**1,452,051,842**	1,606,932,851	(154,881,009.00)	-9.64%	4.48%
INVESTMENT PROPERTY	**21,291,373,182**	20,882,736,426	408,636,756.00	1.96%	65.75%
PROPERTY AND EQUIPMENT	**773,648,541**	822,306,826	(48,658,285.00)	-5.92%	2.39%
RIGHT OF USE ASSET	**234,771,266**	247,586,055	(12,814,789.00)	-5.18%	0.72%
DEFERRED TAX ASSET	**8,253,394**	8,733,016	(479,622.00)	-5.49%	0.03%
OTHER NON-CURRENT ASSETS	**302,689,115**	396,017,589	(93,328,474.00)	-23.57%	0.93%
TRADE AND OTHER PAYABLES	**3,475,341,163**	3,467,003,653	8,337,510.00	0.24%	10.73%
CUSTOMER'S DEPOSIT	**955,097,869**	997,714,294	(42,616,425.00)	-4.27%	2.95%
INCOME TAX PAYABLE	**8,582,123**	49,284	8,532,839.00	17313.61%	0.03%
LOANS PAYABLE	**6,136,366,887**	6,091,735,934	44,630,953.00	0.73%	18.95%
LEASE LIABILITIES	**508,596,715**	494,039,657	14,557,058.00	2.95%	1.57%
DEPOSITS AND OTHER LIABILITIES	**912,363,321**	872,301,080	40,062,241.00	4.59%	2.82%
PAYABLES TO LANDOWNERS	**1,061,190,858**	1,061,190,858	-	0.00%	3.28%
DEFERRED INCOME TAX LIABILITIES	**103,047,314**	196,439,163	(93,391,849.00)	-47.54%	0.32%
CAPITAL STOCK	**5,723,017,872**	5,723,017,872	-	0.00%	17.67%
ADDITIONAL PAID IN CAPITAL	**8,206,662,618**	8,206,662,618	-	0.00%	25.34%
RETAINED EARNINGS	**5,229,670,297**	4,679,424,522	550,245,775.00	11.76%	16.15%
ACCUMULATED REMEASUREMENT ON RETIREI	**64,380,137**	32,366,135	32,014,002.00	98.91%	0.20%
TREASURY STOCKS	**(7,955)**	(7,955)	-	0.00%	0.00%

Results of the horizontal analyses showed the following material changes (+/- 5% and above) as of and for the years ended December 31, 2021 and December 31, 2020:

1. Cash and cash equivalents — 54.85%
   The increase is primarily due to higher cash and cash equivalents, mainly collected from the Company's leasing operations and real estate sales customers, while operating & capital expenditures where reduced during the year.

2. Receivables — -14.12%
   The decrease was mainly due to additional provision for estimated credit losses during the year

3. Other current assets — -9.64%
   The decrease mainly pertains to the Company's application of its excess input VAT and creditable withholding taxes from prior year to its current output VAT and income tax dues, respectively..

4. Property and equipment — -5.92%
   The decrease was mainly due to the depreciation recognized during the year.

5. Right of use asset — -5.18%
   The decrease was mainly due to the amortization recognized during the year.

6. Deferred income tax assets — -5.49%
   The decrease primarily represents the timing difference between tax and book basis of accounting for real estate and leasing transactions.

7. Other noncurrent assets — -23.57%
   The decrease primarily pertained to the recoupment of

advances to contractors against contractors' progress billings during the year

8. Deposits and other liabilities — 4.59%
   The increase was mainly due to the increase in tenant's security deposits coming from the Company's new office tenants and the relating increase in rental rates of its existing tenants.

9. Deferred income tax liabilities — [illegible]
   The decrease primarily represents the timing difference between tax and book basis of accounting for real estate and leasing transactions.

10. Income tax payable — [illegible]
    The increase primarily pertains to the income tax due on leasing revenue.

Full Year 2020

a) Result of Operations

For the year 2020, the Company reported a Net Income after tax of ₱802.10 million this is 10.92% or ₱98.28 million lower than the ₱900.38 million recorded in 2019. The decrease in the Net Income is mainly attributable to the decrease in real estate sales revenue and modest increase in leasing revenue due to the rental concession granted to some retail tenants due to impact of Covid-19 pandemic. However, the financial operating impact was partially offset by the prompt management actions to implement some cost savings measures that resulted to the decline of operating cost and expenses.

The Covid-19 pandemic impacted the business for the year when the government placed the entire country under the Community Quarantine.

However, despite the pandemic leasing revenues grew by 2.92% or ₱49.9 million as compared to 2019 as a result of rental rate escalations and stable occupancy of office spaces. Revenue from rooms and other operated department likewise increased by 12.82% or ₱23.32 million. On the other hand, real estate sales revenues significantly declined by 54.96% or ₱782.81 million vis a vis last year's performance due to lower real estate sales from the Company`s completed projects, 8 Adriatico in Manila, 68 Roces along Don Alejandro Roces Avenue in Quezon City and North Belton Communities in Caloocan City.

Other income (charges) decreased by 6.65% or ₱14.08 million compared to last year mainly due to decline in interest rates on money market placements that resulted to a lower interest income yield. The impact on interest income was partially offset by the corresponding decrease in financing charges.

Provision for income tax decreased from ₱378.36 million in 2019 to ₱361.72 million in 2020 due to lower 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 ₱171.86 million and ₱348.93 million, respectively.

Expenses

General and administrative expenses decreased by 13.49% or ₱91.12 million primarily due to the lower utilities, repairs and maintenance due to numerous cost cutting measures implemented during the year. Selling expenses significantly decreased by 71.28% or ₱79.56 million as compared to 2019 due to the decrease in commissions as a result of lower sales revenue recognized during the year.
For 2020, the Company recorded additional provision for Estimated Credit Loss (ECL) on Contract Receivables, Lease Receivables and Other Assets on a per contract basis amounting to ₱17.7 million for the expected significant increase in credit risk on the said receivables. Also, certain receivables were subjected to deferment in compliance with the Bayanihan Act 1 and 2, and DTI Rules on rental collection.

The Company is closely monitoring its operational business activities on how to assist the tenants in their operations. Our sustainable partnership with our tenants plays a vital role in navigating the impact of the crisis. Considering the effects of the pandemic, the Company put proactive measures to mitigate vacancy risk. The aim of the Company now is to work in partnership with tenants to finish the year with a positive outlook and be ready to bounce back early next year.

The Company strictly follows national and local government advisories and guidelines as well as the best practices taken by the Philippine Department of Health (DOH) to support the government's objective to stop the spread of the Covid-19 virus. Pandemic situations like Covid-19 usually have a longer period of impact to business operation and pose greater risk of exposing personnel.

Learnings from this pandemic will be used to improve its Business Continuity Plan (BCPs) moving forward. Management believes that these measures can alleviate the further negative impact of the outbreak to the Company's business and to its financial condition and operating performance for the next reporting period.

b) Financial Condition

As of the end of December 31, 2020, the Company's consolidated assets stood at ₱31.82 billion, slightly lower by 0.02% than the ₱31.83 billion consolidated assets as of December 31, 2019. The net decrease was primarily due to the decrease in Cash and Cash Equivalents of ₱0.92 billion due to the prepayment of loan with BPI amounting to ₱1.2 billion partially offset by the increase in Trade Receivables and Investment Properties amounting to ₱0.71 billion and ₱0. 61 billion, respectively.

At the end of 2020, total debt at the consolidated level amounted to ₱13.18 billion, a 5.80% decrease from the December 2019 level of ₱13.99 billion. The decrease in debt level was due to payment of loans.

Total equity, on the other hand, increased by ₱806.07 million mainly due to the net income recognized during the year.

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

6. *Net Income*

The Company posted net income after tax of ₱802.10 million for the year ended December 31, 2020, lower than the net income generated in 2019 of ₱900.38 million. The increase was mainly due to lower sales revenues.

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

Current ratio as of December 31, 2020 1.59:1 compared to 1.19:1 as of December 31, 2019. The increase was mainly due to the reclassification of portion of payable to landowners from current to noncurrent as the promissory notes relating to the said liabilities have been extended for a period of three (3) years.

8. *Earnings Per Share*

The Company reported earnings per share of ₱0.1402 per share for the period ended December 31, 2020 and ₱0.1573 as of end of 2019. Diluted earnings per share for the period ending December 31, 2020 and 2019 is at ₱0.1402 and ₱0.01573 per share, respectively.

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

The Company's debt to equity ratio decreased to 0.71 from 0.78 in 2019, the decrease was mainly due to principal payment of bank loans during the period.

10. *Quick Ratio*

(*Cash and Cash Equivalents and Receivables/Current Liabilities*)

Quick ratio as of December 31, 2020 and December 31, 2019 is 0.56:1 and 0.42:1, respectively. The increase is primarily due to lower current liabilities as a result reclassification of portion of payable to landowners from current to noncurrent as the promissory notes relating to the said liabilities have been extended for a period of three (3) years.

h) 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.

g) The Company has various planned capital expenditure to be funded by internally generated funds from operations and these are intended for the completion and repairs and maintenance of its existing projects as follows:

- Completion of NXTower a mixed-use building in Ortigas.
- Completion of Eton City Square a commercial complex in Eton City.
- Various repairs and maintenance for Eton Centris, Eton Cyberpod Corinthian.
- Various repairs and maintenance of ready for occupancy (RFO) units in North Belton. Communities, 68 Roces in Quezon City and West Wing Residences in Eton City.

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 material changes (+/- 5% and above) as of and for the years ended December 31, 2020 and December 31, 2019:

	Statement of Financial Position			Horizontal	Vertical
	2020	**2019**	**Inc (Dec) Amount**	**Inc (Dec) %**	**2021**
CASH AND CASH EQUIVALENTS	**1,407,273,712**	2,323,875,922	(916,602,210.00)	-39.44%	4.42%
TRADE AND OTHER RECEIVABLES	**2,310,325,815**	1,598,084,902	712,240,913.00	44.57%	7.26%
REAL ESTATE INVENTORY	**4,140,024,825**	4,362,518,951	(222,494,126.00)	-5.10%	13.01%
OTHER CURRENT ASSETS	**1,606,932,851**	1,619,726,781	(12,793,930.00)	-0.79%	5.05%
INVESTMENT PROPERTY	**20,882,736,426**	20,273,173,539	609,562,887.00	3.01%	65.62%
PROPERTY AND EQUIPMENT	**822,306,826**	890,587,307	(68,280,481.00)	-7.67%	2.58%
RIGHT OF USE ASSET	**247,586,055**	273,259,712	(25,673,657.00)	-9.40%	0.78%
DEFERRED TAX ASSET	**8,733,016**	9,603,650	(870,634.00)	-9.07%	0.03%
OTHER NON-CURRENT ASSETS	**396,017,589**	476,862,486	(80,844,897.00)	-16.95%	1.24%
TRADE AND OTHER PAYABLES	**3,467,003,653**	3,531,062,295	(64,058,642.00)	-1.81%	10.90%
CUSTOMER'S DEPOSIT	**997,714,294**	978,617,758	19,096,536.00	1.95%	3.14%
INCOME TAX PAYABLE	**49,284**	-	49,284.00	100.00%	0.00%
LOANS PAYABLE	**6,091,735,934**	6,265,699,317	(173,963,383.00)	-2.78%	19.14%
LEASE LIABILITIES	**494,039,657**	498,680,482	(4,640,825.00)	-0.93%	1.55%
DEPOSITS AND OTHER LIABILITIES	**872,301,080**	826,106,108	46,194,972.00	5.59%	2.74%
PAYABLES TO LANDOWNERS	**1,061,190,858**	1,828,949,047	(767,758,189.00)	-41.98%	3.33%
DEFERRED INCOME TAX LIABILITIES	**196,439,163**	63,180,440	133,258,723.00	210.92%	0.62%
CAPITAL STOCK	**5,723,017,872**	5,723,017,872	-	0.00%	17.98%
ADDITIONAL PAID IN CAPITAL	**8,206,662,618**	8,206,662,618	-	0.00%	25.79%
RETAINED EARNINGS	**4,679,424,522**	3,877,323,738	802,100,784.00	20.69%	14.71%
ACCUMULATED REMEASUREMENT ON RETIREM	**32,366,135**	28,401,530	3,964,605.00	13.96%	0.10%
TREASURY STOCKS	**(7,955)**	(7,955)	-	0.00%	0.00%

Results of the horizontal analyses showed the following material changes (+/- 5% and above) as of and for the years ended December 31, 2020 and December 31, 2019:

1. Cash and cash equivalents — -39.44%
   The decrease was attributed to the prepayment of loan with BPI amounting to ₱1.2 billion.

2. Receivables — 44.57%
   The increase was mainly due to certain receivables thatvwere subjected to deferment in compliance with the Bayanihan Act 1 and 2, and DTI Rules on rental collection.

3. Real estate inventory — -5.10%
   The decrease was mainly due to cost recognized on sold units.

4. Other non-current assets — -16.95%
   The decrease was mainly due to the decrease in the non-current portion of advances to contractors.

5. Property and equipment — -7.67%
   The decrease was mainly due to the depreciation recognized during the year.

6. Right of use asset The decrease was mainly due to recognition of the right to use of leased asset in compliance with PFRS16.	-9.40%
7. Deferred income tax assets The decrease primarily represents the timing difference between tax and book basis of accounting for real estate and leasing transactions.	-9.07%
8. Payable to landowner The decrease was mainly due to payment of outstanding balance related to various land purchases.	-41.98%
9. Deposits and other liabilities The increase was mainly due to the increase in security deposits, advance rental and retirement liability.	5.59%
10. Income tax payables The increase was mainly due to the increase tax due for the current year on leasing revenue.	100.00%
11. Deferred tax liabilities The increase was mainly due to the timing difference between tax and book basis of accounting for real estate and leasing transactions..	210.92%

A comparison of the key performance indicators for the period ended December 31, 2022 vis-à-vis the period ended December 31, 2021 is summarized.

			December 31 2022		December 31 2021	
A.	**CURRENT RATIO**					
		current assets	8,627,307,740	1.28	9,685,059,675	1.49
		current liabilities	6,752,407,858		6,483,130,114	
B.	**DEBT TO EQUITY RATIO**					
		total liabilities	11,321,459,002	0.58	13,160,586,250	0.68
		stockholders' equity	19,587,709,952		19,223,722,971	
C.	**QUICK RATIO**					
		cash & cash equivalent	1,171,698,501		2,179,108,365	
		receivable(current)	1,862,350,688		1,895,479,765	
			3,034,049,189	0.45	4,074,588,130	0.63
		current liabilities	6,752,407,858		6,483,130,114	
D.	**ASSET TO EQUITY RATIO**					
		total assets	30,909,168,954	1.58	32,384,309,221	1.68
		total equity	19,587,709,952		19,223,722,971	
E.	**INTEREST COVERAGE RATIO**					
		EBITDA	1,171,797,608	3.62	1,332,936,625	5.21
		Interest expense	323,381,219		256,056,319	
F.	**GP RATE ON REAL ESTATE SALES**					
		Gross Profit	(1,315,769)	(0.01)	82,613,427	0.60
		Real Estate Sales	225,118,767		137,666,528	
G.	**GP RATE ON RENTAL INCOME**					
		Gross Profit	883,832,019	0.51	881,425,582	0.55
		Rental Income	1,747,522,403		1,614,216,586	
H.	**BASIC EARNINGS PER SHARE**					
		Net income after tax	295,591,362	0.0516	550,245,775	0.0961
		no of shares	5,723,007,872		5,723,017,872	
I.	**DILUTED EARNINGS PER SHARE**					
			295,591,362	0.0516	550,245,775	0.0961
			5,723,007,872		5,723,017,872	

ITEM 6 – DIRECTORS AND EXECUTIVE OFFICERS

Please refer to Item 5 on pages 9 to 13 of the Information Statement.

ITEM 7 – 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 Revised Manual of Corporate Governance.

The Compliance Officer is currently in charge of evaluating the level of compliance of the Board of Directors with its Revised Manual on Corporate Governance. Management 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 generally 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.

In 2020, the Company adopted and submitted to the Commission its Revised Manual on Corporate Governance pursuant to the recommendations of Memorandum Circular No. 24, Series of 2019 (Code of Corporate Governance for Public Companies and Registered Issuers).

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 its shares.

ITEM 8 – UNDERTAKING TO PROVIDE ANNUAL REPORT

The Company shall, on written request, provide to shareholders, without charge, the Annual Report prepared pursuant to SEC Form 17-A. All such requests for a copy of the Annual Report should be directed to the Office of the Corporate Secretary at the 2/F Allied Bank Center, 6754 Ayala Avenue, Makati City, Metro Manila, Philippines.