Eton Properties Philippines, Inc.

GEARING TO A NEW STEADY GROUND

2022 ANNUAL REPORT


Artist's Perspective of Eton City Square

TABLE OF CONTENTS

Financial Highlights

As the economy started to stabilize in 2022, Eton Properties Philippines, Inc. maintained a stable performance with a Total Revenue earnings of Php 2 billion and a Net Income of Php 296 million. The results were due to the cost-saving initiatives of the Company to offset all the remaining accrued expenses.

The Company successfully increased its leasing income by 8% from Php 1.6 billion to Php 1.8 billion due to aggressive efforts to source new locators to invest in various projects of the Company. Eton Properties conscientiously improved its Debt to Equity Ratio by 17% from 0.68 to 0.58 and Total Equity of 2% from Php19.22 billion to Php19.59 billion.

As we recover from the pandemic, the leasing businesses continue to flourish. The office leasing contributed 72% from the total revenue, while commercial and retail added 17%, with residential and other leasing portfolios having an 11% share.

In 2022, office leasing closed a total of around 7,242 square meters of office spaces in the eWestPod building and Blakes Tower inside the one-hectare Eton WestEnd Square mixed-use development in Makati City and Centris Cyberpod One in the Eton Centris township in Quezon City. Meanwhile, Centris Cyberpods Two and Three sustained 89% and 100% occupancy, respectively.

In 2023, we expect the office leasing segment to improve as companies, especially from the IT-BPO sector, plan to expand their operations with a positive economic outlook.

Commercial Leasing, on the other hand, is expected to improve 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. Village Walk, an envisioned modern lifestyle commercial center is also open for land lease, will also help boost the commercial retail spaces for Eton City. More retail stores are slated to open in various Eton commercial properties in Makati, Quezon City, and Sta. Rosa, Laguna in 2023.

Residential Leasing sustained its growth in leasable spaces in 2022 from 19,548 square meters in 2021 to 35,377 square meters the following year with the completion of Blakes Tower. In 2023, we expect a steady increase in occupancy as face-to-face classes resume and more companies require employees to return to work. The Mini Suites at Eton Tower Makati also made a sound performance in 2022, as it seized the travel rebound opportunity in the final quarter.

With concerted efforts to expand our footprint and income sources, we entered into a management agreement with the Lucio Tan Group to manage its side of the joint venture with Ayala Land through ALI Eton Property Development Corporation. The joint venture project, Parklinks, is on a fast track to deliver a 35-hectare estate to the market, envisioned to be the "greenest urban estate" development in the country.

Eton Properties continues to explore more possible partnerships that will scale as the market bounces back and enhance the synergies between Eton Properties and other parties to further increase growth.

TOTAL REVENUE P2 Billion

EQUITY P19.6 Billion

DEBT TO EQUITY RATIO

CHAIRMAN'S MESSAGE

"As we celebrate our 16th anniversary in 2023, I believe that Eton Properties is well-positioned to continue on its mission to contribute to nation-building and more so, capitalize on new opportunities that may present themselves in this new era."

- Dr. Lucio C. Tan

Eton Properties is celebrating its 16th year in the real estate industry in 2023. Since the Company changed its focus from oil exploration and drilling to real estate in 2007, Eton Properties has built upon its vision to become one of the country's most trusted developers.

Over the years, Eton Properties has grown to significantly contribute to nation-building, developing over 36 projects on its real estate portfolio, with a full range of projects from mixed-use estates, office buildings, commercial and retail districts, as well as residential developments.

Our diversified portfolio, in terms of business lines, target markets and customers, has proven to be robust. Furthermore, with our careful planning, prudent decision-making and effective cost-efficiency measures, Eton Properties was able to stay resilient and dependable despite the economic setback brought about by the pandemic. As a result, our business remains on steady ground and is even ready for new and greater heights.

For 2022, Eton Properties achieved significant increase in its leasing revenue compared to the previous financial year. The revenue growth was primarily driven by aggressive efforts to source new locators to invest in various projects of the company, alongside the resuming market demand brought about by the economic recovery.

Per segment, the growth in leasing was mainly driven by the office sector as the BPO industry saw a healthy comeback during the year. Meanwhile, commercial and retail, residential and other leasing portfolios also contributed significantly to the company's overall financial performance.

The Company's balance sheet remained sound as our financial discipline has allowed us to maintain a strong financial position, allowing business flexibility for future growth.

Given the persistent high inflation atmosphere and economic uncertainly, we will need to continue to maintain a well-balanced portfolio and optimize our income streams in the near term, as we learn to adapt and embrace a post-pandemic environment.

Therefore, we will capitalize on the opportunities when the business condition improves and continue on developing full-range communities in emerging growth areas to provide more value to cater to consumers with newfound market behaviors and preferences. We anticipate that as the country's economy improves, so will demand for office, commercial and retail, and residential properties.

As we celebrate our 16th anniversary in 2023, I believe that Eton Properties is well-positioned to continue on its mission to contribute to nation-building and more so, capitalize on new opportunities that may present themselves in this new era.

I would like to express my gratitude to the Board of Directors, Management team, our staff and business partners for their dedication and assistance in helping us go through the most challenging pandemic years, and especially to our shareholders for your unwavering support.

Dr. Lucio C. Tan
CHAIRMAN

President's Report

"As we work towards a pandemic recovery market, the Company has completed several feats, despite the Company's exposure to several competitor and market risks."

- Mr. Ramon S. Pascual

2022 was a defining year for Eton Properties, and I am honored to share with you the significant headway that the company has made as characterized by our resilience as an organization, at the tail-end of the pandemic.

As we work towards a pandemic recovery market, the Company has completed several feats, despite the company's exposure to several competitors and market risks.

As the economy started to stabilize in 2022, the Company maintained a steady performance with a Total Revenue of Php 2 billion and a Net Income of Php 296 million. The results were mainly attributable to the prudent financial position of the Company to offset all the remaining accrued expenses.

Eton Properties increased its leasing income by 8% from Php 1.6 billion to Php 1.8 billion due to aggressive efforts to source new locators to invest in various projects of the company. The Company also diligently improved its Debt to Equity Ratio by 17% from 0.68 to 0.58 and Total Equity by 2% from Php 19.22 billion to Php 19.59 billion in 2022.

As we rebound from the pandemic, the leasing business continues to be the company's most significant contributor to the total revenue. The office leasing business delivered 72% contribution, while commercial and retail added 17%, with residential and other leasing portfolios having 11% share.

We continued to offer flexible units and wide-open common spaces for the office leasing segment in 2022 as a response to market demand. This sustained occupancy for Centris Cyberpods Two and Three at 89% and 100% respectively, while adding a total of 7,242 square meters of occupied office spaces from the eWestPod and Blakes Tower buildings inside the Eton WestEnd Square township in Makati City, as well as Centris Cyberpod One at Eton Centris in Quezon City, by the end of the year. In 2023, we expect office leasing to improve as forecast for the BPO industry remains bullish as the country remains to be one of the top BPO destinations in the world.

Commercial Leasing, on the other hand, is expected to increase its leasable space by 3% from 237,000 square meters to 242,824 square meters, 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. Village Walk, an envisioned modern lifestyle commercial center is also open for land lease, thereby increasing commercial retail spaces for Eton City. More

retail stores are slated to open in various Eton commercial properties in Makati, Quezon City, and Sta. Rosa, Laguna this 2023.

In 2022, we have brought an additional 13,900 square meters of residential leasable space with the completion of the residential component of Blakes Tower, increasing our total residential leasable space by 81% from 19,548 square meters to 35,377 square meters. We expect occupancy to improve in 2023 as face to face classes resume and more companies requiring employees to return to work. As this ensues, we will continue to focus on sustaining renewals to keep healthy occupancy levels.

The Mini Suites at Eton Tower Makati made a sound performance in 2022 with a Php 178 million finish, as it adopted a multi-strategy to serve the travel, leisure, and staycation markets and seized the travel rebound opportunity in the final quarter.

Our wholly-owned subsidiary, Eton Properties Management Corporation (EPMC) continued on with its management agreement with PNB holdings Corporation (PHC) in 2022 and managed and operated 135,000 square meters of its leasable commercial area adding to Eton Properties' revenue stream.

With further synergies within the Lucio Tan Group, we entered into a management agreement with the conglomerate to manage its side of the joint venture with Ayala Land through ALI Eton Property Development Corporation. The joint venture project, Parklinks, is on a fast track to deliver a 35-hectare township to the market, envisioned to be the "greenest urban estate" development in the country.

The pandemic provided the business community, including Eton Properties, the rare opportunity to realign its priorities and be more sensitive to the needs of the market. We stand ready to develop new projects in Eton City in Sta. Rosa, Laguna and set our sights to expand our footprints in Mactan, Cebu to capitalize on the emerging Information Technology-Business Process Management, and Hospitality and Tourism sectors in these growth areas. More so, we look forward to continue exploring possibilities for more partnerships that will scale as the market bounces back and enhance the collaborations between Eton Properties and other parties to further increase growth.

Eton Properties remains optimistic that with our cautious persistence, adaptability and foresight, we would be able to reinforce our consistent revenue streams and carry on unlocking our landholdings' value.

We are convinced that with the unwavering solid support of our shareholders, board of directors, management team, and colleagues, we would be able to raise the bar and bring Eton Properties to a new steady ground.

Mr. Ramon S. Pascual
PRESIDENT | CEO

Board of Directors

CARMEN K. TAN
Vice Chairman

LUCIO C. TAN
Chairman

KYLE C. TAN
Executive Director

KARLU T. SAY
Director

VIVIENNE K. TAN
Director

WILFRIDO E. SANCHEZ
Independent Director

ELAINE Y. CO
Independent Director

JUANITA T. TAN LEE
Director

MARY G. NG
Independent Director

CIRILO P. NOEL
Director

Lucio C. Tan 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. Eton Hotels & Leisure, Inc. (formerly, FirstHomes, Inc.), Allianz PNB Life Insurance, Inc., PNB Holdings Corporation and Basic Holdings Corp., Director of Philippine National Bank.

Carmen K. Tan Vice Chairman of Philippine Airlines, Inc. and LT Group, Inc.; Director of Air Philippines Corporation, Asia Brewery, Inc., Buona Sorte Holdings, Inc., Foremost Farms, Inc., Dynamic Holdings, Ltd, Eton City, Inc., Fortune Tobacco Corporation, Himmel Industries, Inc., MacroAsia Corporation, PAL Holdings, Inc., Philippine National Bank, PMFTC Inc., Progressive Farms, Inc., Tanduay Distillers, Inc., Manufacturing Services and Trade Corporation, Sipalay Trading Corporation, Saturn Holdings, Inc., Tangent Holdings Corporation, Trustmark Holdings Corporation and Zuma Holdings and Management Corporation.

Karlu T. Say Founder and Director of Dong-A Pharma Phils., Inc.; Director of Eton Properties Management Corporation; Director of Alliedbankers Insurance Corporation; Director and President of PNB Holdings Corporation.

Vivienne K. Tan Director of Philippine National Bank and LT Group, Inc.; Board of Trustee of University of the East and University of the East Ramon Magsaysay Memorial Medical Center; Founding Chairperson of Entrepreneurs School of Asia; Founding Trustee of Philippine Center for Entrepreneurship (Go Negosyo), Phils.

Kyle C. Tan Director of Maranaw Hotels & Resort Corp., PNB Global Remittance and Financial Co. (HK) Ltd., Allied Club, Inc., Grandspan Development Corporation, Victorias Milling Company Inc.; Director and COO of Himmel Industries, Incorporated, and Manufacturing Services & Trade Corporation; Director and Treasurer of Macroasia Corporation; Director and Vice-Chairman of Pan Asia Securities Corporation; Executive Vice-President of Tanduay Distillers, Inc.; Vice-President of Kilter Realty & Development Corporation.

Wilfrido E. Sanchez Tax Counsel of Quiason Makalintal Barot Torres Ibarra & Sison Law Offices; Board of Trustees of Asian Institute of Management (AIM); Director of 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., Adventure International Tours, Inc., Gokongwei Brothers Foundation, Petnet, Inc., Transnational Plans, Inc., Asiabest Group International Inc. and Trimotors Technology Corp.

Ramon S. Pascual Executive Director of Dynamic Holdings Limited; Director and President of Eton City, Inc., Belton Communities, Inc., Eton Hotels & Leisure, Inc. (formerly, FirstHomes, Inc.); Director, Chairman and President of Eton Properties Management Corporation; Director of Beijing Longfast and PNB Holdings Corporation; and Senior Executive of Eton Properties Limited in Hong Kong.

Cirilo P. Noel 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.

Elaine Y. Co Independent Director for PNB Holdings Corporation.

Juanita T. Tan Lee Director of Asia Brewery, Inc., Eton Properties Philippines, Inc., and Tanduay Distillers, Inc.; Director and Corporate Secretary of Fortune Tobacco Corporation, Corporate Secretary of Absolut Distillers, Inc., Asian Alcohol Corporation, The Charter House, Inc., Foremost Farms, Inc., Grandspan Development Corporation, Himmel Industries, Inc., Landcom Realty Corporation, PMFTC Inc., Progressive Farms, Inc. and Total Bulk Corporation; Assistant Corporate Secretary of Basic Holdings Corporation; Treasurer of PAL Holdings, Inc. and Philippine Airlines, Inc., and a member of the Board of Trustees of the University of the East.

Mary G. Ng Chief Executive Officer of H&E Group of Companies; 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; Chairman of the ASEAN Federation of Plastic Industries (AFPI); Executive Vice-President of Federation of Filipino-Chinese Chamber of Commerce and Industries; Tripartite Board Member of the Department of Labor and Employment and Tripartite Member of National Tripartite Council; Board member of the Technical Educational and Skills Development Authority (TESDA); Vice-President of Philippine Piak O Eng Chamber of Commerce and Philippine Piak O Eng Uy's Association; Director of Philippine Dongshi Townmate Association, Inc.; Independent Director of LT Group, Inc. and ABIC Insurance.

About the Cover

Financial stability, operational resilience, and adaptability lay the foundation for continued growth amid disruptions.

About the Cover

The cover of Eton Properties' 2022 Annual Report, ***Gearing to a New Steady Ground***, has playful hues using the dominant color of the Company – Marsala Red – to depict the coming of age to explore new growth opportunities.

For the past 15 years, the Company has grown into becoming one of the most thriving organizations that passionately helps the country in nation-building, while providing Filipinos communities to enrich their lives.

As we enter into a new era post-pandemic, the Company is moving forward to open a new door of value creation that will future-proof its core businesses, while capitalizing on adaptability and stability.

Eton Properties will be ready to adapt to the market's evolving needs. The Company's flexibility allows it to offer innovative projects that resonate with its clients' shifting requirements and lifestyles. Financial stability, operational resilience, and adaptability lay the foundation for continued growth amid disruptions.

Moving forward

Eton Properties continues to fulfill its role to remain profitable despite the challenges in the past years.

With due diligence and care, and for the best interest of its shareholders and stakeholders, the Company's leasing business portfolio continued to account for the largest share of the revenue in 2022.

The Company was able to close the deal with one of the biggest Philippine Offshore Gaming Operators (POGO) companies in Southeast Asia with more than 6,000 square meters of office space or two floors of its eWestPod building in the mixed-use Eton WestEnd Square development in Makati City.

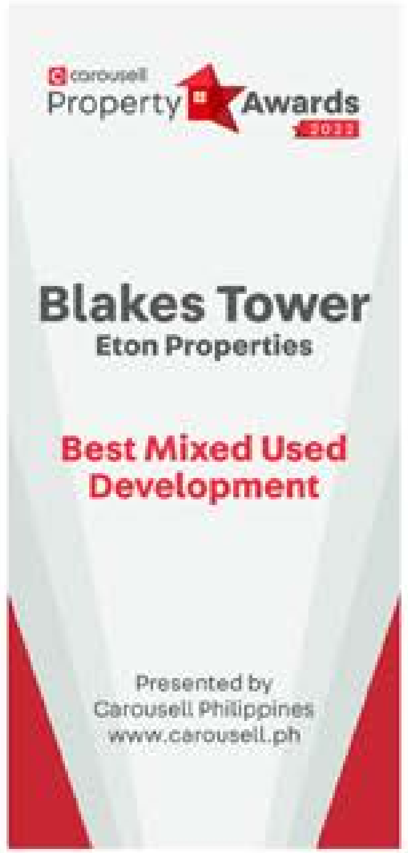
The company's healthy growth performance was also underpinned by the strong client relations and ease of business transactions as the Triple-A construction firm signed a three-year contract to lease a whole floor or more than 1,000 square meters of the company's other office project, Blakes Tower. While existing locators also began expanding within Eton Properties' projects because of the flexible terms that helped them to rebound from the losses during the pandemic.

New commercial tenants and retail partners shows tremendous growth last year with the opening of new stores in Eton City in Sta. Rosa, Laguna and Eton Centris in Quezon City. As we move forward to 2023, expect more new stores will open in the Company's commercial and retail properties.

The Company also plans for more joint ventures and partnerships to develop some of the existing landbanks of the Company across the country.

Featured Projects

Eton Properties continues to evolve to meet the ever-changing market. Throughout its 15 years, the Company has provided a diverse range of strategically-located developments, ranging from residential, office, and commercial developments to mixed-use estates that promise to enhance the lives of people with thoughtful design and future-proof features. All these bear the Eton Properties brand promise, serving as a testimony to the company's commitment to improve people's lives and to take an active part in the process of nation-building.



Eton Properties Executyive Director Kyle C. Tan with Carousell Philippines' Country Representative, Shine Resurrection.

Blakes Tower

Flexibility and accessibility are vital features of Blakes Tower, a mixed-use building that brings the co-work, co-live, and co-play to life by placing together office and residential, as well as commercial units in a single complex. Located within the Eton WestEnd Square mixed-use development spanning one hectare in cosmopolitan Makati, this vertical township development enhances the dynamic lifestyle of its tenants. With 11 floors for offices and 15 floors for residential units, it allows tenants to configure spaces to match their needs. It has 11,000 square meters of available gross leasable office area, which can be retrofitted to hybrid cuts ranging from 40 square meters to 1,000 square meters for more functionality and to meet varying office requirements.

A showcase of sustainability, Blakes Tower was awarded as Best-Mixed Use Development by Carousell Property Awards 2022. In 2021, Blakes Tower was also highly-commended for Best Mega Mixed-Use Development by the Property Guru Philippines Property Awards.


Eton City Square, Sta. Rosa Laguna

Eton City Square

The booming south gets an additional boost as Eton City Square adds another 6,500 square meters of commercial spaces for lease in 2023. Situated at the heart of Eton City, a 600-hectare master-planned township in Sta. Rosa, Laguna. Eton City Square is highly-accessible with its own South Luzon Expressway exit. It offers dining, recreational, and lifestyle offerings to be enjoyed by travellers en route to Tagaytay and Batangas. Retail stores that are now operational include 7 Eleven, Starbucks, McDonalds, MotoMarket, and Jollibee among others. Wide-open spaces of the property can be used for various activities such as outdoor cinemas, picnics, bazaars, and other outdoor activities, making it an ideal leisure and social destination.

Eton City Square is envisioned to become a lifestyle hub for residents of communities within the township, which includes South Lake Village, West Wing Residences, Riverbend, and TierraBela, offering urban conveniences in a suburban setting. The township will also be the site of schools and office spaces in the future.

Kanlungan ni Maria celebrated their Christmas party in Antipolo.


RCQC BBR officers together with the newly inducted members during the Rotary fellowship held in Eton Centris.


Quezon City Mayor Joy Belmonte


Quezon City Vice Mayor Gian Sotto

REACHING THE COMMUNITIES FOR A BETTER TOMORROW

Through its Corporate Social Responsibility (CSR) and sustainability initiatives, Eton Properties continues to underscore its commitment to every Filipino – ensuring that as it grows as a company, nobody gets left behind.

Masaganang Palayan Project

In 2022, Eton Properties made a series of donations to the Tan Yan Kee Foundation, as part of the company's CSR initiatives and among the beneficiaries were the farmers of Eton's Masaganang Palayan Project in Nueva Ecija, in which around 150 kilos of hybrid palay seedlings were donated.

Kanlungan ni Maria

In view of the holiday season, Eton Properties extended its blessings to Kanlungan ni Maria, a non-profit organization that helps the poor, abandoned, neglected, homeless, and sick elderly located in Antipolo City.

The Company donated fresh vegetable produce such as pumpkins, *okra* (Lady's Fingers), cucumber, string beans, bottle gourd, and sweet potato tops and sacks of rice which were bought and harvested from the group of farmers from the Dr. Lucio Tan Legacy Forest Project in Nueva Ecija. The donation was held in time for their Christmas party last December 2022. There are around 23 elderly people currently under the care of the organization.

Group Home for Abandoned Older Women

Eton Properties also chose the Group Home for Abandoned Older Women, a community-based residential care facility for abandoned and indigent older women, located in San Juan City its beneficiary.

The Company was able to donate fresh vegetable produce such as string beans, okra, sponge gourd, cucumber, bottle gourd, cabbage, papaya, banana, and sacks of rice which was also harvested from the group of farmers from the Dr. Lucio Tan Legacy Forest Project in Nueva Ecija.

Kumukutikutitap 2: A Parol-Making Contest

Last December, Eton Properties, partnered with the Quezon City local government unit to hold an annual parol-making contest, which was participated in by the different barangays in Quezon City. On its second year, there were 44 barangays that participated in the contest and around Php100,00 pesos worth of prizes were awarded to the winners. The awarding ceremony was attended by Eton Properties' executives led by Eton Properties Executive Director Kyle C. Tan and Quezon City government led by Mayor Joy Belmonte and Vice Mayor Gian Sotto.

Eton Properties partners with Rotary Club in the fight against Polio

Eton Properties partnered with the Rotary Club of Quezon City Big Bike Riders (RCQC BBR) to join the worldwide cause to eradicate polio.

RCQC BBR had a two-day event called "Motorcycle and Music Festival with Rotary Fellowship to End Polio Now," which was held last October 28 and 29, 2022 at Eton Centris in Quezon City. The event was a fund-raising activity for the benefit of the Rotary International Program, "End Polio Now," which featured motorcades, exhibits, celebrity talks, and live band performances, highlighted by the anniversary celebration of the RCQC BBR which has 2,500-strong members.

Our Sustainability Journey

Nourishing the Future

As one of the prime concerns of Eton Properties, sustainability efforts of the Company ensure to balance economic growth, environmental care, and social well-being.

The Company remains responsive to address the needs of the current situation, but cautiously not to compromise the needs of the future generations.

The Company recognizes that it is imperative to embed the principles of sustainability into our business operations to ensure long-term growth and to leave something of value for future generations.

Recognizing that this is a long-term commitment, Eton Properties has started to build a sustainable foundation that will prepare the company for the demands of the future.

Our sustainability journey is an ongoing process. Despite uncertainty in the global landscape, we forge ahead with an enduring commitment to work for the good of the people and the nation.

ETON MATERIAL TOPICS

1. SOCIO-ECONOMIC AND ENVIRONMENTAL COMPLIANCE

Compliance to socio-economic and environmental laws and regulations. This also covers complying with regulatory changes in both financial and non-financial reporting.

2. CUSTOMER SATISFACTION

Meeting customer expectations and needs in delivery of our products, services and experiences. This also ensures that customer complaints are recorded, monitored, resolved and reported to regulatory bodies (as applicable).

3. CUSTOMER HEALTH AND SAFETY

Protecting and promoting health & safety of our customers through assurance of product quality, effective safety risk management and promoting safety culture. This also ensures that products are free from toxic / hazardous contents that may endanger customer safety.

4. EMPLOYEE SKILLS AND COMPETENCY DEVELOPMENT

Developing our workforce capabilities, skills and competencies to create a positive and sustainable organizational culture.

5. GOOD GOVERNANCE

Leadership support and commitment to balance the triple bottom-line performance of the Company. Adherence to the culture of leadership and governance through management policies and its implementation.

6. COMMUNITY RELATIONS

Maintaining our 'social license' to operate through engagements with the community.

7. CUSTOMER DATA PRIVACY AND SECURITY

Management of customer information to protect privacy and ensure personal information is secure against fraud and theft.

8. PEOPLE SAFETY / SECURITY AND WELL—BEING

Protecting and promoting health, safety and well-being of our employees and contractors through effective safety risk management and promoting a safety culture.

9. ECONOMIC PERFORMANCE

Maintaining profitability to return a dividend and re-invest in products and services. This also covers stable revenues in the event of political and economic uncertainties, market competition, pressure from regulatory bodies, and employing specific strategies to increase market share.

10. MARKETING AND LABELING

Customer access to accurate and adequate information on the positive and negative economic, environmental, and social impacts of the product and services they consume – both from a product and service labeling and a marketing communications perspective.

11. MATERIALS STEWARDSHIP

The efficient and judicious use of materials, whether renewable or non-renewable, necessary for provision of service by Eton Properties.

12. LABOR RELATIONS AND DIVERSITY

Developing a diverse workforce and inclusive culture by leveraging an individual's experiences and viewpoints to support high performance. This also includes the EPPI's consultative practices with employees and their representatives, including its approach to communicating significant operational changes, and including rights of workers to collectively bargain the terms and conditions of work.

13. RESOURCE EFFICIENCY (WATER, ENERGY, FUEL, WASTE)

Programs to manage and minimize energy use, increase efficiency measures and use low-carbon emission energy sources, consume water responsibly and manage waste.

14. HUMAN RIGHTS PROTECTION (CHILD LABOR, FORCED LABOR, DISCRIMINATION, RIGHTS OF INDIGENOUS PEOPLES)

The recognition and respect of people's dignity; integrate human rights criteria in screening, or include human rights criteria in performance requirements when making contracts and agreements with other parties, such as joint ventures.

15. ETHICAL OPERATION / ANTI-CORRUPTION

Organizations are expected by the marketplace, international norms, and stakeholders to demonstrate their adherence to integrity, transparency, governance, and responsible business practices.

16. SUPPLY CHAIN MANAGEMENT

Support for local suppliers, or those owned by women or members of vulnerable groups, and how the procurement practices can cause or contribute to negative impacts in the supply chain. This includes due diligence in order to prevent and mitigate negative social and environmental impacts in the supply chain.

Our Sustainability Journey

17. EMPLOYMENT
Attracting (and retaining) highly capable individuals to support high performance, and includes employee wages and other forms of compensation, including bonuses and executive remuneration.

18. ANTI-COMPETITIVE BEHAVIOR
Anti-trust and monopoly practices are actions of an organization that can result in collusion to erect barriers for entry to the sector, or to otherwise prevent competition. This can include unfair business practices, abuse of market position, cartels, anti-competitive mergers, and price-fixing.

19. MARKET PRESENCE
Contribution to economic development in the local areas or communities where Eton Properties operates, which include their approach to local hiring or remuneration.

20. CLIMATE CHANGE / GHG EMISSION
Programs to manage and minimize emissions to air of pollutants – including carbon and other GHGs.

Throughout the years, Eton Properties has continuously worked to rebalance its portfolio and manage resources optimally to achieve sustainable growth. These efforts added to the operational resilience of the company, allowing it to stand ready to meet the demands of both internal and external stakeholders.

Minimizing our environmental impact and carbon footprint is equally important as we strive to strengthen the company's foundations. To this end, we are judiciously monitoring our consumption of resources and generation of waste. We have also started to take steps that would advance climate mitigation efforts, knowing that we all need to work together to prevent further environmental pressures that would lead to climate change. As a first step, we have started to tap renewable energy sources where we can.

Beyond our sphere of operations, Eton Properties is deeply committed to creating positive change in society and the community we operate in. Our various community-focused initiatives aim to nurture people and improve their lives, as we recognize that people are at the heart of our sustainability efforts.

Our approach to materiality

Our journey to sustainability is informed by our Materiality assessment process. We started the process in 2019, and continued this in 2022. We looked at a variety of sources and conducted workshops to assess and determine the most critical material issues that have the highest capacity to impact the Company, internally, and its stakeholders, externally.

From a long list of 44 material issues, we were able to prioritize 17 top material issues, which were validated by Management Officers. For 2022, after a series of discussions and consultations, the same 17 material topics remain to be the most important to the Group and our stakeholders.

OUR TOP MATERIAL ISSUES

Risk Management

The Enterprise Risk Management policy was proposed to effectively identify and respond to business-related risks. One of the committees under the Company's Board is the Audit and Risk Committee, which oversees management's activities in handling credit,market, liquidity, operational legal, and other related risks. The Audit and Risk Committee receives information from the management on risk exposures and risk management activities. Yearly, the committee reviews our risk appetite levels and risk tolerance limits against the developments in the business and its context, regulatory frameworks, and other significant events that may impact the business.

Anti-Corruption

In line with Eton's Related Party Transaction Policy of the Code of Business Conduct and Ethics, all company employees, including its subsidiaries, should divulge business and family-related transactions to prevent conflicts of interest. The Company does not tolerate corrupt behavior and practices such as fraud and bribery. Employees cannot give or accept gifts in exchange for business favors. To promote fair competition, the company does not infringe any trademark, patent, or trade secrets of its competitors. Aside from these company policies, we conduct orientation on the Code of Business Conduct and Ethics as well as corporate governance seminars to improve professionalism in the workplace.

Environment

Eton Properties advocates the sustainable use of water within its operations and projects. The company strives to reduce its water consumption by eliminating existing and potential leak sources within its properties and recycling water from its rehabilitated sewage treatment plant. For its effluent discharge, the company adheres to the water quality guidelines and general effluent standards set by the Department of Environment and Natural Resources (DENR). Eton's sewage treatment plant has also been upgraded to comply with DENR standards.

Managing Waste

Eton Properties has developed a solid waste management program and policy to minimize the waste generated from its business operations. This policy is strictly implemented in each property owned and managed by the company. Part of the solid waste management program is the establishment of a recovery materials facility to recycle and reuse wastes from Eton Properties' various projects and facilities. In addition, the Company monitors the compliance of its stakeholders to its waste management program through a quarterly risk compliance tracker and regular reporting of its service vendors. Our customers are also encouraged to adopt a sustainable lifestyle to reduce waste and mitigate adverse environmental impacts.

Biodiversity

Eton Properties' business operations have indirect effects on the environment. Thus, the Company ensures compliance with national and local laws and regulations to mitigate the negative effects on biodiversity and implements programs to lessen its carbon footprint. In particular, Eton Properties complies with the DENR Department Administrative Order 2016-08 on sewage treatment plant discharge parameters, Republic Act (RA) 9003 on segregation of residual wastes, RA 6969 on controlling toxic substances and hazardous wastes, and RA 8749 on the Clean Air Act. Moreover, the Company complies with the regulations on the applications of sources of pollution and has introduced new technologies in its sewage treatment facility and sourcing renewable electricity supply.

Our Sustainability Journey

Energy Efficiency and Emissions

Eton Properties aims to be energy efficient to reduce energy usage and business costs. The Company has already started implementing an energy conservation program to meet this goal and introduced renewable energy in some of its properties. The company is also implementing a weekly functionality performance test to manage its fuel consumption. We prefer vendors who maximize renewable energy sources, even in terms of engaging service providers.

Employees

The Company provides opportunities for its employees to take part in training and development. The Company-sponsored training on essential and technical skills is offered to employees for professional advancement and increased productivity. Employees with excellent performance are also recognized and rewarded through promotions and merit increases.

Safety and Well-being

Eton Properties conducts training on Occupational Safety and Health (OSH) and Hazard Identification, Risk Assessment and Control (HIRAC) to enhance employees' awareness of workplace safety. In addition, employees are trained to perform risk assessments to identify work-related hazards and anticipate hazardous situations.

Human Rights

Eton Properties has institutionalized its obligation to promote human rights through its company policies. The Company's Code of Business Conduct and Ethics sets out the professional and ethical behavior that its employees must observe. This policy prohibits unethical and discriminatory behavior as well as disrespectful and unfair treatment of employees. Internal complaints of discrimination, harassment, or other misconduct are submitted to the Human Resources Department, that determines if the act violates the Company's policy. To protect complainants or whistleblowers, we have a Whistleblower Policy that includes Investigation Procedures and a Non-Retaliation Policy. For false or malicious reports, the complainants will be subjected to disciplinary or legal actions.

Marketing and Labeling

Eton Properties follows marketing and labeling guidelines to ensure customers receive the correct product and service information. Following our Code of Ethics, employees are required to comply with marketing and labeling laws and regulations set by various government agencies such as the Department of Trade and Industry, Intellectual Property Office of the Philippines, Housing and Land Use Regulatory Board, and Ad Standards Council. We also employ a digital marketing strategy to advertise our products and increase customers. Promotional materials are published through our website and third-party websites like Rentpad and Carousell. Further, we organize event sponsorships, cross-promotion referrals, and media programs.

Customer Engagement and Satisfaction

The Company seeks to understand its customers' experience to determine how to improve its products and services. Customers are requested to submit their feedback via online platforms such as our website, email address, and Facebook Messenger. During the pandemic, when customers could not visit our offices in person, we have enhanced our digital platforms to handle customer issues more effectively. The concerns were addressed through constant communication through phone and email with the client by the Customer Service Department, which provides updates and answers.

Customer Data Privacy and Security

Eton Properties respects customer privacy by complying with the provisions of the Data Privacy Act of 2012 and implementing its own data privacy and cybersecurity practices. The purpose of the law is to protect personal data in the information and communications systems of the public and private sectors. In line with the Data Privacy law, we have installed cybersecurity tools and established processes related to backup procedures to minimize data security risks. In the event of a data breach, our company immediately reports it to the National Privacy Commission within 72 hours. The Company actively promotes cybersecurity awareness to prevent and respond to data breaches and other cybersecurity threats.

Society

Eton Properties aims to positively impact the community by creating charitable programs in partnership with government and non-government entities. For example, we linked with the Rotary Club of Quezon City to raise funds to help generate more awareness and strengthen the vaccination drive against polio. Furthermore, to increase agricultural productivity in the province of Nueva Ecija, we donated additional seedlings to local farmers under the Masaganang Palayan program with the assistance of the Tan Yan Kee Foundation. For the Christmas season, the Company collaborated likewise with the Tan Yan Kee Foundation Inc. to nurture health and provide fresh produce to seniors discarded from society in Kanlungan ni Maria in Antipolo City and Group Home for Abandoned Older Women in San Juan City. Moreover, the Company organized a Christmas Parol-making contest with the Quezon City government to promote camaraderie and unity among the barangays in the city.

Corporate Governance

In the Year 2020, Eton Properties Philippines, Inc. (EPPI) developed its Revised Corporate Governance Manual (RCGM) in accordance with the principles of good corporate governance and adopted provisions of the Securities and Exchange Commission (SEC) Code of Governance for Public Companies as provided in SEC Memorandum Circular No. 24, Series of 2019 to achieve greater transparency and accountability in the conduct of its corporate business.

The RCGM institutionalizes the principles of good corporate governance and serves as the basic reference in the implementation of the principles of good corporate governance and seeks to inform shareholders, board members, corporate officers and employees of their duties and expected norms of conduct within the corporate system. The RCGM Manual is disclosed on the company's website eton.com.ph.

EPPI submitted the Annual Corporate Governance Report (ACGR) to the SEC in compliance with SEC Memorandum 13 Series of 2021 on 30 June 2022. The ACGR is a requirement which requires public companies to disclose the company's compliance or noncompliance with the recommendations provided under the SEC Memorandum Circular No. 24, Series of 2019. The ACGR is disclosed on the company's website under investor relations at eton.com.ph.

Board of Directors

The Board of Directors (Board) is selected during EPPI's Annual Stockholders' Meeting and serves as the highest governing body. The Board is responsible for ensuring that EPPI practices sound corporate governance. The Board sets the company's vision and mission, its strategic goals, and management policies and procedures and framework for performance evaluation.

EPPI's Board is composed of eleven (11) members or such number as the Articles of Incorporation may provide. The majority of the Board consist of Non-Executive Directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgement on corporate affairs and to substantiate proper checks and balances.

The Board is elected during the Stockholders' Meeting. It is mandated to serve as a check and balance on the Company's management and to perform executive powers as vested in it by the Articles of Incorporation and By-Laws or delegated by the Shareholders, in accordance with existing laws, rules, and regulations. It shall have a Board Charter where the Board's roles, responsibilities, and accountabilities shall be stated.

The Members of the Board are Lucio C. Tan, Ramon S. Pascual, Karlu T. Say, Carmen K. Tan, Kyle Ellis C. Tan, Vivienne K. Tan, Juanita T. Tan Lee, Cirilo P. Noel, and with independent directors, Wilfrido E. Sanchez, Mary G. Ng, and Elaine Y. Co.

Board Committees

The Board is assisted by several committees to aid in complying with the principles of good corporate governance and may, from time to time, create special committees to handle special issues of concern to the Board.

EPPI has three (3) Board Committees namely, Audit and Risk Management Committee, Nomination and Remuneration Committee, and Corporate Governance Committee. Each Board Committee is created for a specific purpose and is tasked to oversee the necessary details in the operations of the Company, including compliance with its principles of good governance. The Charters for each Committee are disclosed on the company's website. Communication is set forth in the Information Statement, and published in the Investor Relations Page of the Company's website at www.eton.com.ph.

Corporate Governance Committee

Ms. Vivienne K. Tan
Atty. Wilfrido E. Sanchez
Ms. Elaine Y. Co
Mr. Kyle Ellis C. Tan
Ms. Mary G. Ng

Nomination and Remuneration Committee

Dr. Lucio C. Tan (Chairman)
Ms. Vivienne K. Tan
Atty. Wilfredo E. Sanchez
Ms. Mary G. Ng
Ms. Elaine Y. Co

Audit and Risk Management Committee

Atty. Wilfrido E. Sanchez (Chairman)
Mr. Cirilo P. Noel
Ms. Mary G. Ng
Ms. Elaine Y. Co
Ms. Carmen K. Tan
Ms. Vivienne K. Tan

Duties and Responsibilities

The Board exercises their duties and responsibilities to foster long-term success of the Company and sustain its competitiveness and profitability in a manner consistent with its objectives and in the best interest of its shareholders and other stakeholders.

Corporate Governance

The Officers

The Chairman of the Board is separate from the President and Chief Executive Officer (CEO) who are held by separate individual roles and responsibilities, to have clear defined responsibilities, effective decision making and good governance.

POSITION	NAME
CHAIRMAN	DR. LUCIO C. TAN
VICE CHAIRMAN	MS. CARMEN K. TAN
PRESIDENT AND CEO	MR. RAMON S. PASCUAL
EXECUTIVE DIRECTOR	MR. KYLE C. TAN
CORPORATE SECRETARY	ATTY. MICHAEL LESLIE D. DELOS REYES
CHIEF FINANCE OFFICER | TREASURER	MR. WILFREDO Z. PINEDA*[1]
COMPLIANCE OFFICER	ATTY. IRIS VICTORIA U. MERIN*[2]

Meetings and Attendance

The Corporate Secretary assists the Board and the Board Committees in the conduct of meetings, safe keep and preserve the integrity of the minutes of the meetings of the Board, Board Committees and shareholders.

Orientation and Continuing Education Programs for Directors

Prior assuming office, all new Directors are provided with materials to inform them of the operations of the Company and its subsidiaries. They shall be required to undergo orientation program which will enable them to be informed of the Company's business, corporate structure, vision, mission, and all other matters necessary for the effective performance of their duties and responsibilities.

New Directors are also required to undergo the annual training seminar on corporate governance.

EPPI believes in continuing education for its Board and personnel. All are required to undergo an orientation program to ensure that they are equipped with the needed information for the fulfillment of their duties and responsibilities.

Trainings and Seminars

1. Corporate Governance

The Corporate Governance Seminar was attended by Board of Directors and on 14 September 2022 which was conducted by SGV & Co. firm via zoom and the firm has issued Certificates of Attendance to all participants who attended the Corporate Governance Seminar.

2. Anti-Money Laundering Act (AMLA)

In Year 2021, the real estate developers are covered under Anti-Money Laundering Act of 2001, as amended by Republic Act No. 11521. The Board of Directors and Key Officers attended and completed the Anti-Money Laundering/Counter Terrorism Financing (AML/CTF) Webinar for Designated Non-Financial Businesses and Professions (DNFBPs) and successfully secured their respective Certificates of Participation in Year 2022.

3. Code of Conduct and Business Ethics

On 22 and 23 March 2022, the Company conducted an orientation on the Code of Conduct and Business Ethics, Directors' & Officers' Orientation/Training Program & Policy and Board Committee Charters to its employees to ensure clear understanding of the provisions of the Code and Policy and it was attended by various participants across the organization.

4. Enterprise Risk Management Training/Workshop

In line with the Securities and Exchange Commission (SEC) Memorandum Circular No. 24, Series of 2019 dated 19 December 2019 adopting Code of Corporate Governance for Public Companies and ETON Revised Corporate Governance Manual, Reyes Tacandong & Co. presented to Management about Enterprise Risk Management (ERM) on 02 December 2021.

On 03 March 2022, Reyes Tacandong & Co. conducted ETON Enterprise Risk Management (ERM) Training Workshop and a three-day ERM workshop from March 8-10, 2022 and was joined by various participants from different departments and divisions across the organization.

Annual Assessment

The Board conducts annual assessment of its performance not later than December 31 of every year.

Annual Stockholders Meeting (ASM)

The Annual Stockholders Meeting was held virtually on 29 April 2022 in light of the public health emergency caused by the Covid-19 pandemic and in accordance with the applicable notice requirements, voting rights and procedures.

Compliance Officer

Atty. Iris Victoria U. Merin resigned as Chief Risk Officer and Compliance Officer effective 06 September 2022. She was replaced by Atty. Irene Conchitina D. Chan who was appointed as Acting Compliance Officer until the next Organizational Meeting of the Board of Directors.

Business Units and Subsidiaries

EPPI's main business units are: office leasing, commercial rentals, residential sales and leasing, and hotel serviced residences.

The subsidiaries of the Company are as follows:

a. Eton City, Inc. (ECI) is a wholly-owned subsidiary incorporated in 2008. It offers a first of its kind development in the country inspired by next generation waterfront cities, positioning itself for the middle to 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. (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. A residential community in Sta. Rosa, Laguna was also developed by BCI called West Wing Residences at Eton City.

c. Eton Hotels & Leisure, Inc. (EHLI), formerly FirstHomes, Inc., is a wholly-owned subsidiary incorporated in 2010. In November 2019, EHLI adopted the following amendments: (a) change the corporate name to Eton Hotels & Leisure, Inc.; (b) change the primary purpose to include to manage and operate hotels, resorts, apartelles, serviced apartments and other hospitality facilities, buildings, houses, apartments and other structures and immovable and personal property. The amendments were adopted by EHLI's stockholders on May 18, 2020 and approved by the Philippine SEC on October 29, 2021.

d. Eton Properties Management Corporation (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.

The Revised Corporate Governance Manual shall also serve as the guideline or framework for all of the subsidiaries of EPPI and to the extent possible and consistent with their own existing structures.

*1 Mr. Wilfredo Z. Pineda retired as Chief Finance Officer/Treasurer effective 21 October 2022.

*2 Atty. Iris Victoria U. Merin resigned effective 06 September 2022.

Ensuring the Company's Business Continuity

Eton Properties recalibrates its strategy to better understand the new generation of customers and how to be able to support their needs to ensure business growth and continuity to serve various segments of the market effectively.

As the Company operates distinct business units such as office, commercial, residential, serviced residences, and property management, each segment offers unique formats and features that are relevant to their target markets – taking into consideration their business objectives or lifestyle needs. Despite these, all business units share common attributes that are the hallmark of all Eton Properties developments – a strategic location in a high-growth or emerging growth center, with accessibility to modern conveniences, and well-considered amenities that anticipate the needs of their target markets.

Centris Cyberpod Five

Flexible Office Spaces

Eton Properties ramped up its office leasing operation to support businesses' expansion needs, especially in the Business Process Outsourcing (BPO) sector. And, of course, new traditional office tenants and manufacturing companies are expressing more interest in the Company's flexible office setup.

International and multinational companies are also keen on setting up their office in the Philippines for their regional operating headquarters, regional centers, and marketing centers.

Eton Properties' office leasing business showed remarkable resilience amidst the challenges, allowing locators to enjoy uninterrupted business operations.

Eton's office developments are home to over 12,000 workers employed by the world's largest and most reputable companies with a global footprint. These locators value the large, flexible spaces and well-thought-out features of Eton's office developments, as these enable employees to achieve maximum productivity.

All are strategically located in Central Business Districts such as Makati, Quezon City, and Ortigas. With easy access to transportation options, locators in these developments can easily tap a large and ready pool of highly-qualified workers to meet their business needs. Moreover, tenants and office workers can enjoy urban conveniences such as nearby retail, dining, and lifestyle centers, making switching from work to play mode easy.

Centris Walk

Centris Walk Activity Center

A renewed growth in commercial spaces

Eton Properties continuously expanded its footprint in the commercial leasing sector by identifying relevant strategies that will pave the way to bring more foot traffic and generate more retail partners to set up their operations in various projects. The Company's commercial leasing business has been built on the philosophy of providing relevant formats in growth areas and within its landmark developments. This philosophy will continue to serve it well in the post-pandemic world. Designed as the main focal point of every development, Eton Properties' various commercial developments provided safe spaces for people to fulfill their essential needs.

Eton Properties has approximately 45,000 square meters of leasable retail space. More retail stores are slated to open in other Eton commercial properties in Makati, Quezon City, and Laguna in 2023. With consumer confidence improving, the uptake for commercial leasing spaces remains strong. This also demonstrates clients' trust in Eton Properties' ability to future-proof their businesses and help support their business operations. In 2021 and 2022, the Company witnessed the opening of several commercial outlets, and more establishments are seen to commence operations in 2023.

Thriving opportunities for the residential market

With new concepts that align with the growth plan, Eton Properties is continuously improving its policy to improve the residential leasing business. Each rental home provides safety, security, and a sense of community and a market for the new generation of clients.

As for the new normal, the demand for residential spaces is gradually gaining traction, which was bolstered by a sustained vibrancy of the area – presenting many opportunities for growth that Eton Properties is keen to explore.

Eton Properties' portfolio of well-designed residential spaces appeals strongly to those who value the conveniences and safety that its vertical township developments offer. With the reopening of the economy, Eton Properties foresees growing demand for residential rentals from expats and other markets.

For seamless, hassle-free residential leasing services for centrally-located homes, Dwellings by Eton, the Company's property management arm, offered end-to-end assistance across all touch-points. Its dedicated team of professional leasing specialists supported clients in their search for a home that suits their specific lifestyle requirements. Clients receive personalized assistance across all touchpoints, from inquiry to move-out, including documentation and coordination concerns. The leasing specialists spare the clients from the burdens of the leasing process by taking care of requirements such as gate pass, application form for maid/drivers, resident info sheet, telephone, and cable TV if needed. Clients can look forward to a pleasant stay in their address of choice with its customer-centric philosophy.


68 Roces

Building safe spaces where Filipinos can thrive

The global pandemic has underscored the importance of building safe communities for thousands of Filipinos.

Eton Properties has always endeavored to help Filipinos achieve their dream of having a home and has focused on ensuring these are safe havens for residents. It has built community-centered homes for Filipino families and their children. Located in prime areas and emerging growth centers, these residential spaces continue to appreciate. Eton Properties' residential developments are purposefully designed to foster exclusivity and privacy while providing enough shared spaces to connect safely and develop a sense of community.

Eton Properties' various residential developments cater to Filipino families' diverse lifestyle needs, life stages, and goals, ensuring that they can thrive in a community that best suits their profiles. With unparalleled accessibility, all developments are within easy reach of modern conveniences such as transportation hubs, schools, hospitals, and lifestyle destinations, ensuring that residents enjoy the best urban living. In the years to come, Eton Properties is committed to helping Filipinos find homes where they can grow and thrive.

The Mini Suites at Eton Tower Makati

Live large by going "Mini"

The highlight here is "Mini." People think of mini as small or tiny, but mini for The Mini Suites is offering comfort, quality hotel amenities, safety and security and friendly staff at an affordable price. At The Mini Suites at Eton Tower Makati, you get everything right at your fingertips. Located at the heart of the Makati's Central Business District, the serviced residences has direct access to Makati's elevated walkways, making it within comfortable walking distance to commercial establishments, educational institutions, corporate headquarters, and main thoroughfares.

We put our guests in the center of all sights and sounds of the city as The Mini Suites is right at the hub of business, while interesting side streets afford it a more laid back and vibrant atmosphere. The hotel values a plug-and-friendly atmosphere that seamlessly unites the physical space with the digital environment.

The Mini Suites has 368 guestrooms across seven floors (6^{th} to 12^{th} floors) of Eton Tower Makati. The hotel offers various amenities such as a gym, swimming pool (considered to be one of the biggest pool in the area) a meeting room, free Wi-Fi in all guestrooms and public areas, housekeeping services and parking slots for the hotel guests. Being a smoke-free hotel, we make sure that our guests get to enjoy the refreshing vibe of home despite being in the center of the city. A treasure chest of good eats mixed with extensive variety of shops, watering holes and pockets of greenery can be found nearby making The Mini Suites—an ideal place to work, play, and live.

Premium Services to Promote Quality Living

The culture of customer service runs deep in Eton Properties. Since 2017, Eton Properties Management Corporation (EPMC), a 100%-owned subsidiary of Eton Properties, is in the business of property management to enhance the lives of its clients by delivering outstanding service 24/7. By embodying a strong customer focus, EPMC assists clients in all their property-related needs, including documentary requirements, logistical concerns, and the like. It is committed to boosting the value of its properties by achieving operational superiority whenever possible.

By providing our employees with up-to-date training and modern tools to perform their duties to the best of their abilities, EPMC, as an organization, greatly espouses a knowledgeable and dedicated workforce empowered to deliver par-excellence customer satisfaction.

As part of its efforts to deliver quality services, EPMC recently launched the tenant portal, myepmc.eton.com.ph, in which each tenant will have login credentials to fast-track any requests or concerns.

Alongside this, EPMC ensures the maintenance and upkeep of all properties, recognizing that this enhances asset values and the revenue potential of clients' investments in Eton Properties projects. Through its cost-effective and innovative usiness solutions, EPMC enables clients to optimize the investment potential of their properties. All these create lasting value for clients and the community, supporting Eton Properties' efforts to be the most trusted property developer in the Philippines.

One Archer's Place

Eton Properties Philippines, Inc.
8/F Allied Bank Center
6754 Ayala Avenue cor. Legaspi Street
Makati City, Philippines

Trunkline: (632) 548-4000
Fax No.: (632) 887-1549

www.eton.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Eton Properties Philippines, Inc. and its subsidiaries** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

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

Lucio C. Tan
Chairman

Ramon S. Pascual
President

Basilio C. Pelaez, Jr.
Chief Financial Officer

Republic of the Philippines)
CITY OF MAKATI) **S.S.**

Before me the following persons known to me and known to be the same persons who executed the foregoing and they acknowledged to me that the same is their free and voluntary act and deed, in the capacities in which they appear.

The parties presented their respective competent evidence of identity as follows:

Name	TIN/SSS/Passport/Driver's License No.	Date & Place of Issue
Lucio C. Tan	X01-52-000850	July 17, 2016/Quezon City
Ramon S. Pascual	P-9398869A	November 4, 2018/PCG HONG KONG
Basilio C. Pelaez, Jr.	03-8967745-5	

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal on this APR 17 2023 day of ______, 2023 At CITY OF MAKATI.

Doc. No. 316
Page No. 64
Book No. X
Series of 2023

ATTY. MILAGROS B. SALVADOR-UMADHAY
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-312 UNTIL DECEMBER 31, 2024
ROA NO. 69117 / IBP O.R. 276290-1/8/2023
MCLE VII-0008120 / MAKATI PTR NO. 9580698 / 1.12.2023
8TH FLOOR PNB CENTER, 6754 AYALA AVENUE MAKATI CITY

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

4 3 7 9 8

COMPANY NAME

E T O N P R O P E R T I E S P H I L I P P I N E S ,

I N C . A N D S U B S I D I A R I E S

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

8 / F A L L I E D B A N K C E N T E R , 6 7 5 4

A Y A L A A V E N U E , M A K A T I C I T Y ,

M E T R O M A N I L A , P H I L I P P I N E S

Form Type	Department requiring the report	Secondary License Type, If Applicable
A C F S	C R M D	N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
EPPI_SEC_mailbox@eton.com.ph	(632) 8548-4000	0917-1010-358

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,668	5/31	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Basilio Pelaez Jr.	EPPI_SEC_mailbox@eton.com.ph	(632) 8548-4000	0917-1010-358

CONTACT PERSON's ADDRESS

8th Floor, Allied Bank Center, 6754 Ayala Avenue, Makati City

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Eton Properties Philippines, Inc.
8/F Allied Bank Center, 6754 Ayala Avenue
Makati City, Metro Manila, Philippines

Opinion

We have audited the consolidated financial statements of Eton Properties Philippines, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022 are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements which indicates that the consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2022 consolidated financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2021 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2022, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, as modified by the application of the financial reporting reliefs and issued and approved by the SEC, as described in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109712-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-109-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9369789, January 3, 2023, Makati City

March 31, 2023

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5 and 17)	**₱1,171,698,501**	₱2,179,108,363
Trade and other receivables (Notes 6 and 17)	**1,862,350,688**	1,895,479,765
Real estate inventories (Note 7)	**4,074,804,148**	4,158,419,704
Other current assets (Note 8)	**1,518,454,403**	1,452,051,842
Total Current Assets	**8,627,307,740**	9,685,059,674
Noncurrent Assets		
Receivables - net of current portion (Note 6)	**40,298,340**	88,514,047
Investment properties (Note 9)	**20,984,232,401**	21,291,373,182
Property and equipment (Note 10)	**714,308,080**	773,648,541
Right-of-use assets (Note 27)	**198,075,722**	234,771,266
Deferred income tax assets - net (Note 24)	**12,507,872**	8,253,394
Other noncurrent assets (Note 11)	**332,438,799**	302,689,115
Total Noncurrent Assets	**22,281,861,214**	22,699,249,545
TOTAL ASSETS	**₱30,909,168,954**	₱32,384,309,219
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 12)	**₱3,421,688,475**	₱3,475,341,163
Customers' deposits (Note 13)	**928,536,195**	955,097,869
Current portion of:		
Loans payable (Notes 14 and 17)	**2,058,933,231**	1,682,981,051
Lease liabilities (Note 27)	**19,210,839**	43,796,733
Deposits and other current liabilities (Note 16)	**314,407,552**	317,331,174
Income tax payable	**9,631,566**	8,582,123
Total Current Liabilities	**6,752,407,858**	6,483,130,113
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 14 and 17)	**2,385,703,927**	4,453,385,836
Payables to landowners (Notes 15 and 17)	**1,061,190,858**	1,061,190,858
Lease liabilities - net of current portion (Note 27)	**462,393,008**	464,799,982
Deferred income tax liabilities - net (Note 24)	**69,012,736**	103,047,314
Other noncurrent liabilities (Notes 16 and 23)	**590,750,615**	595,032,147
Total Noncurrent Liabilities	**4,569,051,144**	6,677,456,137
Total Liabilities	**11,321,459,002**	13,160,586,250
Equity (Note 25)		
Capital stock	**₱5,723,017,872**	₱5,723,017,872
Additional paid-in capital	**8,206,662,618**	8,206,662,618
Accumulated remeasurements on retirement benefits (Note 23)	**132,775,758**	64,380,137
Retained earnings	**5,525,261,659**	5,229,670,297
Treasury shares	**(7,955)**	(7,955)
Total Equity	**19,587,709,952**	19,223,722,969
TOTAL LIABILITIES AND EQUITY	**₱30,909,168,954**	₱32,384,309,219

See accompanying Notes to Consolidated Financial Statements.

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2022	2021	2020
REVENUE (Notes 4 and 13)			
Rental income (Notes 9 and 27)	**₱1,747,522,403**	₱1,614,216,585	₱1,757,700,827
Real estate sales	**225,118,767**	137,666,528	641,688,855
Rooms and other operated departments	**178,152,351**	220,186,409	205,182,683
	2,150,793,521	1,972,069,522	2,604,572,365
COSTS AND EXPENSES			
Cost of rental income (Notes 2, 9, 10, 11 and 27)	**863,690,384**	732,791,004	674,438,650
Cost of real estate sales (Note 7)	**226,434,536**	55,053,102	239,524,318
Cost of rooms and other operated departments (Note 21)	**106,812,052**	93,255,206	108,425,233
Selling expenses (Note 19)	**2,761,288**	25,525,890	32,055,508
General and administrative expenses (Note 20)	**598,189,464**	740,881,329	584,141,096
	1,797,887,724	1,647,506,531	1,638,584,805
OTHER INCOME (CHARGES) - Net			
Finance charges (Notes 18 and 27)	**(323,382,431)**	(257,230,830)	(272,686,173)
Interest income (Notes 5 and 18)	**10,238,648**	13,173,791	19,847,363
Foreign exchange gains (losses) - net	**6,803,609**	4,149,693	(4,292,774)
Other income - net (Note 22)	**333,138,128**	578,374,718	454,966,525
	26,797,954	338,467,372	197,834,941
INCOME BEFORE INCOME TAX	**379,703,751**	663,030,363	1,163,822,501
PROVISION FOR INCOME TAX (Note 24)			
Current	**144,824,456**	214,398,686	229,291,476
Deferred	**(60,712,067)**	(101,614,098)	132,430,241
	84,112,389	112,784,588	361,721,717
NET INCOME	**₱295,591,362**	₱550,245,775	₱802,100,784
BASIC/DILUTED EARNINGS PER SHARE (Note 26)	**₱0.0516**	₱0.0961	₱0.1402

See accompanying Notes to Consolidated Financial Statements.

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
NET INCOME	**₱295,591,362**	₱550,245,775	₱802,100,784
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gains on defined benefit obligations (Note 23)	**91,194,161**	40,205,467	5,663,721
Deferred income tax effect	**(22,798,540)**	(8,191,465)	(1,699,116)
	68,395,621	32,014,002	3,964,605
TOTAL COMPREHENSIVE INCOME	**₱363,986,983**	₱582,259,777	₱806,065,389

See accompanying Notes to Consolidated Financial Statements.

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Capital Stock (Note 25)	Additional Paid-in Capital (Note 25)	Accumulated Remeasurements on Retirement Benefits (Note 23)	Retained Earnings (Note 25)	Treasury Shares (Note 25)	Total
BALANCES AS AT DECEMBER 31, 2019	**₱5,723,017,872**	**₱8,206,662,618**	**₱28,401,530**	**₱3,877,323,738**	**(₱7,955)**	**₱17,835,397,803**
Net income for the year	–	–	–	802,100,784	–	802,100,784
Other comprehensive loss	–	–	3,964,605	–	–	3,964,605
Total comprehensive income (loss)	–	–	3,964,605	802,100,784	–	806,065,389
BALANCES AS AT DECEMBER 31, 2020	**5,723,017,872**	**8,206,662,618**	**32,366,135**	**4,679,424,522**	**(7,955)**	**18,641,463,192**
Net income for the year	–	–	–	550,245,775	–	550,245,775
Other comprehensive income	–	–	32,014,002	–	–	32,014,002
Total comprehensive income	–	–	32,014,002	550,245,775	–	582,259,777
BALANCES AS AT DECEMBER 31, 2021	**5,723,017,872**	**8,206,662,618**	**64,380,137**	**5,229,670,297**	**(7,955)**	**19,223,722,969**
Net income for the year	–	–		295,591,362		295,591,362
Other comprehensive income	–	–	68,395,621	–	–	68,395,621
Total comprehensive income	–	–	68,395,621	295,591,362	–	363,986,983
BALANCES AS AT DECEMBER 31, 2022	**₱5,723,017,872**	**₱8,206,662,618**	**₱132,775,758**	**₱5,525,261,659**	**(₱7,955)**	**₱19,587,709,952**

See accompanying Notes to Consolidated Financial Statements.

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱379,703,751**	₱663,030,363	₱1,163,822,501
Adjustments for:			
Depreciation and amortization (Notes 9, 10, 11 and 27)	**473,988,617**	413,849,943	408,182,521
Interest expense and other finance charges - net of capitalized interest (Note 18)	**323,382,431**	257,230,830	272,686,173
Day 1 gain on security deposit (Note 22)	**(35,666,684)**	(18,199,314)	(35,820)
Retirement benefits cost (Notes 21 and 23)	**10,927,264**	37,606,309	28,201,280
Interest income (Note 18)	**(10,238,648)**	(13,173,791)	(19,847,363)
Unrealized foreign exchange losses (gains) - net	**(6,803,609)**	(4,191,693)	4,292,774
Gain on retirement and disposal of property and equipment (Notes 10 and 22)	**(1,600,000)**	(2,938,250)	(4,575,086)
Gain on loan contract modification (Note 14)	**–**	(7,335,811)	–
Gain on lease contract modification (Notes 17 and 27)	**–**	(2,627,142)	–
Operating income before working capital changes	**1,133,693,122**	1,323,251,444	1,852,726,980
Decrease (increase) in:			
Trade and other receivables	**77,353,392**	321,742,234	(711,446,530)
Real estate inventories	**83,615,556**	(18,394,879)	220,267,668
Other assets (current and noncurrent)	**(63,616,140)**	195,355,956	27,834,804
Increase (decrease) in:			
Trade and other payables	**(74,641,292)**	18,300,417	(104,509,002)
Customers' deposits	**51,710,634**	(42,616,425)	19,096,536
Deposits and other liabilities	**53,151,454**	47,291,579	23,693,233
Cash generated from operations	**1,261,266,726**	1,844,930,326	1,327,663,689
Income taxes paid, including final tax and creditable withholding taxes	**(143,775,013)**	(157,041,515)	(164,593,987)
Interest received	**14,230,042**	16,217,501	19,052,980
Net cash from operating activities	**1,131,721,755**	1,704,106,312	1,182,122,682
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment properties (Notes 9 and 18)	**(51,282,583)**	(573,246,234)	(745,696,590)
Property and equipment (Note 10)	**(12,433,947)**	(25,401,202)	(11,257,974)
Software (Note 11)	**(4,340,253)**	(3,323,253)	(2,593,054)
Proceeds from disposal of property and equipment	**1,600,000**	4,840,697	4,097,298
Net cash used in investing activities	**(66,456,783)**	(597,129,992)	(755,450,320)

(Forward)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Loans payable (Notes 14 and 32)	**(₱1,705,889,789)**	(₱1,645,930,000)	(₱1,975,400,000)
Interest (Notes 14, 15 and 17)	**(250,089,104)**	(373,956,807)	(377,682,784)
Lease liabilities (Note 27)	**(67,390,342)**	(6,696,555)	(4,640,825)
Debt issue costs (Note 14)	**–**	(12,750,000)	(13,500,000)
Payables to landowners (Notes 15 and 17)	**–**	–	(767,758,189)
Proceeds from availment of loans (Note 14)	**–**	1,700,000,000	1,800,000,000
Net cash used in financing activities	**(2,023,369,235)**	(339,333,362)	(1,338,981,798)
NET EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**6,803,609**	4,191,693	(4,292,774)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,007,409,862)**	771,834,651	(916,602,210)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,179,108,363**	1,407,273,712	2,323,875,922
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱1,171,698,501**	₱2,179,108,363	₱1,407,273,712

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information and Authorization for Issuance of the Consolidated Financial Statements

Corporate Information

Eton Properties Philippines, Inc. ("Eton" or the "Parent Company") was incorporated and registered with the Philippine Securities and Exchange Commission (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 Philippine SEC approved the Parent Company's registration and licensing as a listed company.

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

On February 21, 2007, the Parent Company's Board of Directors (BOD) adopted the following amendments: (a) change the corporate name to Eton Properties Philippines, Inc.; (b) change the primary purpose to hold, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent or otherwise deal in and dispose of, for itself or for others, residential, including, but not limited to, all kinds of housing projects, commercial, industrial, urban or other kinds of real property, improved or unimproved; to acquire, purchase, hold, manage, develop and sell subdivision lots; to erect, construct, alter, manage, operate, lease buildings and tenements; and to engage or act as real estate broker; (c) increase the number of directors from 11 to 15; and, (d) change of financial year-end from April 30 to December 31.

The above amendments were adopted by the Parent Company's shareholders on April 19, 2007 and approved by the Philippine SEC on June 8, 2007.

On October 6, 2009, the Parent Company's BOD approved the acquisition of an approximately 12-hectare property, with an appraised value of ₱3,953.2 million, owned by Paramount Landequities, Inc. (Paramount), where the Eton Centris projects are situated in exchange for the issuance of 1,600 million shares to Paramount at ₱2.50 per share. On October 22, 2009, the Parent Company and Paramount executed a Deed of Conveyance pertaining to the asset-for-share swap (see Note 25). As approved by the Philippine SEC in July 2011, the property was recognized by the Parent Company at the value of ₱4,000.0 million (see Note 25).

Prior to restructuring in 2012, Paramount and Saturn Holdings, Inc. ("Saturn") had ownership interest of 55.07% and 42.39%, respectively, in Eton.

On September 17, 2012, LT Group, Inc. (LTG)'s BOD approved the assumption by LTG of certain liabilities of Paramount from Step Dragon Co. Ltd. and Billinge Investments Ltd., British Virgin Island (BVI)-based companies, and Saturn from Penick Group Ltd., also a BVI-based company, amounting to ₱1,350.8 million and ₱521.3 million, respectively. LTG is a publicly listed company incorporated and domiciled in the Philippines.

On September 25 and September 26, 2012, LTG subscribed to 1,350,819,487 common shares of Paramount and 490,000,000 common shares of Saturn, respectively, with a par value of ₱1.00 per share, which were issued to LTG from the increase in Paramount's and Saturn's authorized capital stock. LTG paid for the subscription in full by way of conversion into equity of LTG's advances to Paramount and Saturn amounting to ₱1,350.8 million and ₱490.0 million, respectively. On the same dates, Paramount and Saturn filed their application for increase in authorized capital with the Philippine SEC in order to accommodate LTG's investment.

Upon the Philippine SEC's approval on October 10, 2012, Paramount and Saturn became subsidiaries of LTG with 98.18% and 98.99% ownership interests, respectively, thus, giving LTG a 98.00% effective ownership in Eton.

On October 30, 2012, LTG entered into deeds of sale of shares with the controlling shareholders of Paramount and Saturn for the remaining issued and outstanding shares of the said companies. Thus, Paramount and Saturn became wholly owned subsidiaries of LTG.

On October 22, 2012, the Parent Company's BOD approved to voluntarily delist the Parent Company from the Philippine Stock Exchange (PSE) in light of the Parent Company's inability to comply with the minimum public ownership requirement of PSE within the allowed grace period. On December 8, 2012, Paramount made a tender offer to buy back shares of the Parent Company traded in the PSE resulting in the increase in its ownership interest from 55.07% to 56.86%, thus, increasing LTG's effective ownership interest in Eton to 99.30%. The delisting of the Parent Company became effective on January 2, 2013.

On November 14, 2014, Paramount and Saturn authorized the conversion of its advances to the Parent Company amounting to ₱3,150.0 million and ₱2,350.0 million, respectively, into equity by way of subscription to 2,067,669,172 shares of stock at an issue price of ₱2.66 per share. On January 14, 2015, the Parent Company filed the application for conversion with the SEC which was subsequently approved on January 23, 2015.

On March 2, 2015, the Parent Company's BOD approved the increase of its authorized capital stock from ₱5.0 billion divided into 5.0 billion common shares with a par value of ₱1.00 per share to ₱8.0 billion divided into 8.0 billion common shares with a par value of ₱1.00 per share. On September 28, 2015, Eton filed an application with the Philippine SEC to increase its authorized capital stock which was subsequently approved by the Philippine SEC on September 30, 2015. Out of the increase of 3.0 billion common shares, 419 million common shares and 331 million common shares have been subscribed by Paramount and Saturn, respectively, at a subscription price of ₱2.72 per share.

As of December 31, 2022 and 2021, Eton is 56.88% owned by Paramount. Eton's ultimate parent company is Tangent Holdings Corporation, a company incorporated and domiciled in the Philippines.

The Parent Company's registered business address is 8/F Allied Bank Center, 6754 Ayala Avenue, Makati City, Metro Manila, Philippines.

Subsidiaries

Below are the Parent Company's ownership interests in its subsidiaries:

Subsidiaries	Percentage of Ownership
Belton Communities, Inc. (BCI)	100%
Eton City, Inc. (ECI)	100%
Eton Hotels & Leisure, Inc. (EHLI) [formerly FirstHomes, Inc.]	100%
Eton Properties Management Corporation (EPMC)	100%

BCI was incorporated and registered with the Philippine SEC on November 5, 2007. On February 18, 2008, the BOD of BCI approved the increase of its capital stock from 20,000 shares to 100,000,000 shares at P1.00 par value per share and the subscription of the Parent Company for 24,995,000 shares, which, in addition to 5,000 common shares originally subscribed, would equal to 25% of the authorized capital stock.

On October 15, 2014, the BOD of BCI approved the increase of its authorized capital stock from P20,000 divided into 20,000 common shares with a par value of P1.00 per share to P800,000,000 divided into 800,000,000 common shares with a par value of P1.00 per share. On December 23, 2014, BCI filed an application with the Philippine SEC to increase its authorized capital stock which was subsequently approved by the Philippine SEC on January 7, 2015. Out of the increase in authorized capital stock, 199,995,000 common shares have been subscribed by the Parent Company with deposit for future stock subscription as payment for the subscribed common shares.

ECI was incorporated and registered with the Philippine SEC on October 8, 2008. On October 15, 2014, the BOD of ECI approved the increase of its authorized capital stock from P100,000,000 divided into 100,000,000 common shares with a par value of P1.00 per share to P1,000,000,000 divided into 1,000,000,000 common shares with a par value of P1.00 per share. On December 23, 2014, ECI filed an application with the Philippine SEC to increase its authorized capital stock which was subsequently approved by the Philippine SEC on January 6, 2015. Out of the increase in authorized capital stock, 225,000,000 common shares have been subscribed by the Parent Company with deposit for future stock subscription as payment for the subscribed common shares.

On October 15, 2010, EHLI was incorporated and registered with the Philippine SEC under the name of "FirstHomes, Inc." as a wholly owned subsidiary of the Parent Company with a total subscribed capital stock of P1.3 million. On November 7, 2019, the BOD of EHLI adopted the following amendments: (a) change the corporate name to Eton Hotels & Leisure, Inc.; (b) change the primary purpose to include to manage and operate hotels, resorts, apartelles, serviced apartments and other hospitality facilities, buildings, houses, apartments and other structures and immovable and personal property. The amendments were adopted by EHLI's stockholders on May 18, 2020 and approved by the Philippine SEC on October 29, 2021.

EPMC was incorporated and registered with the Philippine SEC on September 29, 2011 to manage, operate, lease, in whole or in part, real estate of all kinds, including buildings, house, apartments and other structures.

On June 14, 2017, the BOD of EPMC approved the increase in its authorized capital stock from P1,000,000 divided into 1,000,000 common shares with a par value of P1.00 per share to P20,000,000 divided into 20,000,000 common shares with a par value of P1.00 per share. The increase in authorized capital stock was approved by the Philippine SEC on September 19, 2017. Out of the increase in authorized capital stock, 4,750,000 common shares have been subscribed by the Parent Company.

On December 4, 2019, the Board of Directors of EPPI approved the additional investment/purchase of 15.0 million shares of EPMC, with par value of P1.00 per share, amounting to P15.0 million.

All subsidiaries, except for EPMC, are engaged in real estate development. All subsidiaries' registered business address is 8/F Allied Bank Center, 6754 Ayala Avenue, Makati City, Metro Manila.

Authorization for Issuance of the Consolidated Financial Statements

The consolidated financial statements of Eton Properties Philippines, Inc. and its subsidiaries (the "Group") as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022were authorized for issuance by the BOD on March 31, 2023.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation and Statement of Compliance

The consolidated financial statements have been prepared under the historical cost basis and are presented in Philippine peso (Peso), which is the Parent Company's functional and presentation currency. All values are rounded to the nearest Peso, except when otherwise indicated.

Statement of Compliance

The accompanying consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the following financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic:

Deferral of the provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry

a. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04); and
b. Treatment of land in the determination of the percentage-of-completion (POC).

Item b was already implemented by the Group prior to the issuance of the PIC Q&A 2018-12 and the Group continued its accounting treatment despite the deferral mentioned.

Deferral of the adoption of PIC Q&A 2018-14: Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the *Future Changes in Accounting Policy* section.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2021. The financial statements of the subsidiaries are prepared for the same financial reporting year as the Parent Company, using consistent accounting policies.

A subsidiary is an entity over which the Parent Company has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect that return through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group. The financial statements of the subsidiaries were prepared for the same reporting years as the Parent Company which were presented as at and the years ended December 31, 2022 and 2021.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but are considered as an impairment indicator of the assets transferred.

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 3, *Business Combinations, Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. The amendments did not significantly affect the consolidated financial statements.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments do not have a material impact on the Group.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments did not affect the consolidated financial statements.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments do not have a material impact on the Group.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments do not have a material impact on the Group.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments did not significantly affect the consolidated financial statements.

Future Changes in Accounting Policy

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, Presentation of Financial Statements, and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The Group will evaluate the impact on the disclosures.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates, and Errors, Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

  The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Group has no existing loan agreements as of December 31, 2022 and 2021.

- Amendments to PFRS 16, *Leases, Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

  As of December 31, 2022 and 2021, the Group has no sale and leaseback transactions.

- Adoption of the Deferred of Certain Provisions of PIC Q&A 2018-12, *PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-04*

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some implementation issues of PFRS 15 affecting the real estate industry. On October 25, 2018 and February 8, 2019, the Philippine SEC issued SEC Memorandum Circular No. 14, Series of 2018, and SEC Memorandum Circular No. 3, Series of 2019, respectively, providing relief to the real estate industry by deferring the application of the following provisions of the above PIC Q&A for a period of 3 years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC Memorandum Circular No. 34, Series of 2020, which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

A summary of the PIC Q&A provisions covered by the SEC deferral follows:

		Deferral Period
a.	Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
b.	Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04 on determining whether the transaction price includes a significant financing component.
- PIC Q&A 2020-02 on determining which uninstalled materials should not be included in calculating the POC.

On July 8, 2021, the SEC issued SEC MC No. 8, series of 2021 amending the transition provision of the above PIC Q&A providing real estate companies the accounting policy option of applying either the full retrospective approach or modified retrospective approach. With this, real estate companies are finally able to fully comply with PFRS 15 and revert to full PFRS financial reporting for the calendar year 2021.

After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC No. 8-2021.

The Group availed of the SEC relief to defer the above specific provision of PIC Q&A No. 2018-12-D (as amended by PIC Q&A 2020-04) in determining whether the transaction price includes a significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements in case a full retrospective approach is applied. Depending on the approach of adoption, the adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented (full retrospective approach), and the opening balance of retained earnings (full retrospective approach and modified retrospective approach). The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. The Group has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

  As of December 31, 2022 and 2021, the Group has no insurance contracts.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the FRSC deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures. As of December 31, 2022 and 2021, the amendments have no impact to the Group.

<u>Fair Value Measurement</u>
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level of input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months after the reporting period; or,
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or,
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities, and retirement benefits liabilities are classified as noncurrent assets and liabilities.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value and are acquired three months or less before their maturity.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

As of December 31, 2022 and 2021, the Group's financial assets pertain to financial assets at amortized cost (debt instrument).

Subsequent measurement
The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in consolidated statement of income when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash in banks and cash equivalents, trade and other receivables and refundable deposits.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognized an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Modification of financial assets
The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in consolidated statement of income, to the extent that an impairment loss has not already been recorded.

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered "solely payment for principal and interest."

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original effective interest rate (EIR) (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the consolidated statement of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI).

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables and refundable deposits, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For contracts receivables (CR) presented under "Trade and other receivables", the Group used the vintage analysis accounts for expected credit losses by calculating the cumulative loss rates of a given CR pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

In addition to life of loan loss data, primary drivers like macroeconomic indicators of qualitative factors such as forward-looking data on interest rate, unemployment rate and inflation rates were added to the expected loss calculation to reach a forecast supported by both quantitative and qualitative data points.

The probability of default is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating loss given default, accounts are segmented based on facility/collateral type and completion. In calculating the recovery rates, the Group considered collections of cash and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission, association dues, refurbishment, payment required under Maceda Law, and cost to complete (for incomplete units).

As these are future cash flows, these are discounted back to the time of default using the appropriate EIR, usually being the original EIR or an approximation thereof.

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities pertain to loans and borrowings.

Subsequent measurement
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in consolidated statement of income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance charges in the consolidated statement of income.

This category generally applies to interest-bearing loans and borrowings.

Derecognition
A financial liability (or a part of a financial liability) is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability or a part of it are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Exchange or modification of financial liabilities
The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in consolidated statement of income.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in the consolidated statement of income.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The Group assesses that it has currently enforceable rights of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all counterparties.

Real Estate Inventories
Real estate inventories consist of subdivision house and/or lot, residential houses and lots and condominium units for sale and development. These are properties acquired or being constructed for sale in the ordinary course of business rather than to be held for rental or capital appreciation. These are held as inventory and are measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Acquisition cost of subdivision land;
- Amounts paid to contractors for construction and development of subdivision and/or lot, residential houses and lots and condominium units;
- Planning and design costs, cost of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs; and
- Borrowing costs capitalized prior to start of pre-selling activities for the real estate project.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less costs to complete and the estimated costs of sale. The carrying amount of inventories is reduced through the use of allowance account and the amount of loss is charged to consolidated statement of income.

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs. The total costs are allocated pro-rata based on the relative size of the property sold.

Creditable Withholding Taxes (CWT)
CWTs are amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source, subject to the rules on Philippine income taxation. CWTs which are expected to be utilized as payment for income taxes within 12 months are classified as current assets. Otherwise, these are classified as other noncurrent asset. CWTs are classified in the "Other current assets" account in the consolidated statement of financial position.

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable:

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Investment Properties
Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and are not occupied by the Group.

Investment properties, except for land, are carried at cost less accumulated depreciation and any impairment in value. Land is carried at acquisition cost less any impairment in value. The cost of an investment property, except for land, includes its construction costs and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing costs. Additions, betterments and major replacements are capitalized while minor repairs and maintenance are charged to expense as incurred.

Construction in progress is stated at cost less any impairment in value. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant asset is completed or put into operational use. Construction in progress are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

Depreciation of investment properties commences once these are available for use and is computed on a straight-line basis over the estimated useful lives of the investment properties as follows:

Category	Years
Buildings	20 to 40
Condominium units	40
Land improvements	5

Depreciation of investment properties ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

The useful lives and depreciation method are reviewed annually based on expected asset utilization to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from the investment properties.

Transfers to investment property are made when there is a change in use, as evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when and only when there is a change in use, as evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Investment property is derecognized when either it has been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value. The cost of property and equipment comprised construction cost, including borrowing costs, or purchase price plus any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

Depreciation and amortization of property and equipment commences once the property and equipment is available for use and is computed on a straight-line basis over their estimated useful lives as follows:

Category	Years
Serviced apartments:	
Condominium units	40
Furniture, fixtures and equipment	3 to 15
Transportation equipment	5
Furniture, fixtures and equipment	3 to 10
Leasehold improvements	5 or term of the lease, whichever is shorter

Depreciation and amortization ceases at the earlier of the date that the item is classified as held for sale or included in a disposal group that is classified as held for sale in accordance with PFRS 5, and the date the asset is derecognized.

The assets' estimated useful lives, and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from the items of property and equipment.

When a property and equipment is retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from consolidated statement of financial position and any resulting gain or loss is recognized in consolidated statement of income.

Software

Software, which is included under "Other noncurrent assets" in the consolidated statement of financial position, is measured at cost on initial recognition. Subsequently, software is carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method over the software's estimated useful life of three years.

Impairment of Noncurrent Nonfinancial Assets

The Group assesses at each financial reporting date whether there is an indication that its noncurrent nonfinancial assets, which include investment properties, property and equipment, right-of-use asset and software, may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in consolidated statement of income.

An assessment is made at each financial reporting date as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in consolidated statement of income. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Security Deposits

Security deposits, included in "Deposits and other current liabilities" and "Other noncurrent liabilities" in the consolidated statement of financial position, are measured initially at fair value and are subsequently measured at amortized cost using the effective interest method.

Capital Stock and Additional Paid-in Capital

Capital stock is measured at par value for all shares subscribed and/or issued. Subscribed capital stock is the portion of the authorized capital stock that has been subscribed but not yet fully paid and therefore still unissued. The subscribed capital stock is reported net of the subscription receivable.

When the shares are subscribed or sold at a premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares shall be measured either at the fair value of the liability settled or fair value of the shares issued or, whichever is more reliably determinable. Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees and taxes are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against the retained earnings.

Treasury Shares

Treasury shares are carried at cost and are presented as deduction from equity. No gain or loss is recognized in consolidated statement of income on the purchase, sale, reissuance or cancellation of treasury shares. Any difference between the carrying amount and the consideration on the reissuance of treasury shares is recognized as additional paid-in capital.

Retained Earnings

Retained earnings represent the cumulative balance of periodic net income or loss, dividend distributions, prior period adjustments, effect of changes in accounting policy and other capital adjustments. When the retained earnings account has a debit balance, it is called "deficit". A deficit is not an asset but a deduction from equity.

Appropriated retained earnings represent that portion which has been restricted, and therefore, not available for dividend declaration. Unappropriated retained earnings represent that portion which can be declared as dividends to stockholders.

Revenue and Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Real estate sales

The Group derives its real estate sales from sale of subdivision house and/or lots, residential house and lots and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on the physical proportion of work done on the real estate project which requires technical determination by the Group's project engineers. Based on the monthly project accomplishment report approved by the site project manager which integrates the surveys of performance to date of the construction activities.

Cost of real estate sales

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision and/or lots, residential house and lot and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Group's in-house technical staff.

The cost of real estate sales recognized in the consolidated statement of income on disposal is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the percentage-of-completion used for revenue recognition purposes.

Costs to obtain contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Selling expenses" account in the consolidated statement of income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Rental income
Rental income under non-cancellable leases of investment properties is recognized in the consolidated statement of income on a straight-line basis over the lease term or based on the terms of the lease contract or certain percentage of the gross revenue of the tenants, as applicable.

Charges and expenses recoverable from tenants
Income arising from expenses recharged to tenants recorded as "Rental dues" presented as part of "Other income" account is recognized in the period in which the compensation becomes receivable.

Cost of rental income
Cost of rental income is recognized in relation to the leasing activities of the Group. This includes depreciation of the investment properties being leased out, rental expense on the land where the property for lease is located, real property taxes and other directly attributable costs.

Rooms and other operated departments
Revenue from room rentals and other ancillary services are recognized at point in time or when the services are rendered. Revenue from other ancillary services include, among others, business center related services and car rentals, food packages, laundry service, telephone service, and spa/gym services.

Costs of services
Costs of services include expenses incurred by the Group for the generation of revenue from room rentals and other ancillary services. Costs of services are expensed as incurred.

Interest income
Interest income is recognized as it accrues.

Other income and other expenses
Other income and other expenses pertain to the rental dues, service fees, penalty income and gain or loss, respectively, arising from forfeiture or cancellation of prior years' real estate sales, day one loss and miscellaneous income and expense.

<u>Expense Recognition</u>
Expenses are recognized when there is a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Selling and general and administrative expenses
Selling expenses are costs incurred to sell real estate inventories of the Group, which includes commissions, advertising and promotions, among others. General and administrative expenses constitute costs of administering the business. Selling and general and administrative expenses are expensed as incurred.

<u>Borrowing Costs</u>
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the "Investment properties" account in the consolidated statement of financial position. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

Capitalized borrowing cost is based on applicable weighted average borrowing rate for those coming from general borrowings and the actual borrowing costs eligible for capitalization for funds borrowed specifically.

All other borrowing costs are recognized as an expense in the period in which they are incurred.

<u>Retirement Benefits Cost</u>
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Retirement benefits costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to the consolidated statement of income in subsequent periods.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursements is virtually certain.

<u>Income Taxes</u>
Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the financial reporting date.

Deferred income tax
Deferred income tax is determined at the financial reporting date using the balance sheet liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) [excess MCIT] and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences, excess MCIT and unused NOLCO can be utilized before their expiration.

The carrying amount of deferred income tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial reporting date. Movements in the deferred tax assets and liabilities arising from changes in tax rates are charged or credited to the income for the period.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities, and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Other Comprehensive Income
Other comprehensive income comprises items of income and expense that are not recognized in the consolidated statement of income for the year in accordance with PFRSs.

Basic/Diluted Earnings Per Share
Basic earnings per share is computed by dividing net income for the year attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year, after giving retroactive effect to any stock dividends or stock splits, if any, declared during the year.

Diluted earnings per share is computed in the same manner, with the net income for the year attributable to equity holders of the Parent Company and the weighted average number of common shares outstanding during the year, adjusted for the effect of all dilutive potential common shares.

Foreign Currency-denominated Transactions and Translations
Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and monetary liabilities denominated in foreign currencies are restated using the exchange rate at the financial reporting date. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any foreign exchange component of that gain or loss shall be recognized in the consolidated statement of comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in the consolidated statement of income, any exchange component of that gain or loss shall be recognized in the consolidated statement of income.

Leases
The Group as Lessee
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
b. a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Right-of-use assets. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follow:

Category	Years
Land	20 to 40
Leasehold improvements	5 or term of the lease, whichever is shorter

Right-of-use assets are subject to impairment. Refer to the accounting policies in the Impairment of Nonfinancial Assets section.

Lease liabilities. At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets. The Company applies the short-term lease recognition exemption to its short-term leases of billboard and advertisement space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment (i.e., printer) that are considered of low value (i.e., below P250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Group as Lessor
Leases where the Group does not transfer substantially all the risks and benefits of the ownership of the asset are classified as operating leases. Fixed lease payments for non-cancellable lease are recognized in the consolidated statement of income on a straight-line basis over the lease term. Any difference between the calculated rental income and amount actually received or to be received is recognized as deferred rent in the consolidated statement of financial position. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Variable rent is recognized as income based on the terms of the lease contract.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized under "Other income" account in the consolidated statement of income.

Lease Modification. Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term).

In case of a lease modification, the lessor shall account for any such modification by recognizing a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income.

<u>Provisions and Contingencies</u>
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Group expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement.

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

<u>Events After the Financial Reporting Date</u>
Events after the financial reporting date that provide additional information about the Group's financial position at the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Events after the financial reporting date that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements requires the Group to exercise judgments, make accounting estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

<u>Judgments</u>
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the consolidated financial statements. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effect of any change in accounting estimates is reflected in the consolidated financial statements as they become reasonably determinable.

Revenue recognition
Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of real estate property that would meet the requirements of PFRS 15; (b) assessment of the probability that the entity will collect the consideration from the buyer; (c) determination of the transaction price; (d) application of the output/input method as the measure of progress in determining real estate revenue; (e) determination of the actual costs incurred as cost of sales; and (f) recognition of cost to obtain a contract.

a) *Existence of a contract*
The Group's primary document for a contract with a customer is a signed contract to sell. In addition, part of the assessment process of the Group before revenue recognition is to assess the

probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

b) *Revenue recognition method and measure of progress*
The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group has determined that the output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customer.

c) *Identifying performance obligation*
The Group has various contracts to sell covering residential lots and condominium units. The Group concluded that there is one performance obligation in each of these contracts because: (i) for residential lots, the developer integrates the plots it sells with the associated infrastructure to be able to transfer the serviced land promised in the contract; (ii) for the contract covering house or condominium units, the developer has the obligation to deliver the house or condominium unit duly constructed on a specific lot and fully integrated into the serviced land in accordance with the approved plan. Included also in this performance obligation is the Group's service to transfer the title of the real estate unit to the customer.

Provision for expected credit losses of cash and cash equivalents, trade and other receivables and refundable deposits
The Group uses a provision matrix to calculate ECLs for trade and other receivables, except for contract receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, property collaterals and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Group's historical observed default rates.

The Group uses vintage analysis approach to calculate ECLs for contract receivables. The vintage analysis accounts for expected credit losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period. The Group uses low credit risks simplification for cash and cash equivalents and refundable deposits.

The assessment of the correlation between historical observed default rates, forecast economic conditions (i.e., inflation rate) and ECLs are significant estimates. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECLs on the Group's trade and other receivables and refundable deposits is disclosed in Note 28.

Operating lease commitments - the Group as lessor
The Group has entered into commercial property leases of its investment properties. The Group has determined that it retains all significant risks and rewards of ownership of these properties which are leased out on operating leases.

Determination of lease term of contracts with renewal options - the Group as a lessee
The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold).

Refer to Note 27 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Classification of properties
The Group determines whether a property is classified as investment property or real estate inventory as follows:

- Investment property comprises land, condominium units and buildings (principally offices, commercial and retail property) which are not occupied substantially for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and for capital appreciation.

- Real estate inventory comprises property that is held for sale in the ordinary course of business. Principally, this is a residential property that the Group develops and intends to sell before or on completion of construction.

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flow largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Certain properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately as of the financial reporting date, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Determination of fair value of financial and nonfinancial instruments
Where the fair values of financial and nonfinancial instruments recorded or disclosed in the consolidated financial statements cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these

models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values (see Notes 9 and 28).

Provisions and contingencies
The Group is currently involved in legal proceedings. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions, if any, will not have a material adverse impact on the Group's financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of strategies relating to these proceedings.

Accounting Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Revenue and cost recognition
The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date. In measuring the progress of its performance obligation over time, the Group uses the output method.

Real estate sales and cost of real estate sales amounted to ₱225.15 million and ₱226.4 million in 2022, ₱137.7 million and ₱55.1 million in 2021 and ₱641.7 million and ₱239.5 million in 2020, respectively.

Estimation of allowance for expected credit losses of debt instruments at amortized cost
The level of allowance for loans and receivables is evaluated by management based on past collection history and other factors which include, but are not limited to the length of the Group's relationship with the customer, the customer's payment behavior, known market factors that affect the collectability of the accounts. The Group recognized allowance for impairment on its contracts receivables; lease receivables and refundable deposits amounting nil, ₱246.1 million, ₱6.1 million as of December 31, 2022, respectively, and nil, ₱189.0 million, ₱6.0 million as of December 31, 2021, respectively (see Notes 6 and 28).

Measurement of net realizable value of real estate inventories
The Group adjusts the cost of its real estate inventories to net realizable value (NRV) based on its assessment of the recoverability of cost of the inventories. NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions. NRV in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

As of December 31, 2022 and 2021, real estate inventories, which are carried at cost, amounted to ₱4,074.8 million and ₱4,158.4 million, respectively (see Note 7).

Estimation of useful lives of investment properties excluding land and construction in progress, property and equipment, right-of-use assets, and software
The Group estimates the useful lives of its depreciable investment properties, property and equipment, right-of-use assets and software based on the period over which the assets are expected to be available for use. The estimated useful lives of the investment properties, property and equipment, right-of-use assets and software are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the estimated useful lives of investment properties, property and equipment, right-of-use assets and software would increase depreciation and amortization expense and decrease noncurrent assets.

There were no changes in the estimated useful lives of depreciable investment properties, property and equipment, right-of-use assets and software in 2022 and 2021. The carrying values of the Group's investment properties (excluding land and construction in progress), property and equipment, right-of-use assets and software amounted to ₱11,740.7 million, ₱714.3 million, ₱198.1 million and ₱5.4 million as of December 31, 2022, respectively, and ₱8,975.7 million, ₱773.6 million, ₱234.8 million and ₱8.2 million as of December 31, 2021, respectively (see Notes 9, 10, 11 and 27).

Assessment of impairment of noncurrent nonfinancial assets and estimation of recoverable amount
The Group evaluates its nonfinancial assets, which include investment properties, property and equipment, right-of-use assets, and software, for any impairment in value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating and significant negative industry or economic trends.

As described in the accounting policy, the Group estimates the recoverable amount as the higher of the asset's fair value less costs to sell and value-in-use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the consolidated financial statements.

The Group did not identify any indications of impairment, thus, it believes that the carrying amounts of its investment properties, property and equipment, right-of-use assets, and software amounting to ₱20,984.2 million, ₱714.3 million, ₱198.1 million and ₱5.4 million as of December 31, 2022, respectively, and ₱21,291.4 million, ₱773.6 million, ₱234.8 million and ₱8.2 million as of December 31, 2021, respectively, approximate their recoverable amounts (see Notes 9, 10, 11 and 27).

Estimation of retirement benefits costs and liability
The determination of the Group's retirement benefits costs and liability is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 23 and include among others, discount rate and salary increase rate. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions will materially affect retirement benefits obligations.

As of December 31, 2022 and 2021, retirement benefits liability amounted ₱11.0 million and ₱141.1 million, respectively. Retirement benefits cost amounted to ₱3.4 million, ₱37.6 million and ₱28.2 million in 2022, 2021 and 2020, respectively (see Note 23).

Recognition of deferred income tax assets

The Group reviews the carrying amounts of deferred income tax assets at each financial reporting date and makes adjustments to it to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The Group looks at its projected financial performance in assessing the sufficiency of future taxable income.

As of December 31, 2022 and 2021, the Group recognized deferred income tax assets amounting to ₱271.9 million and ₱235.5 million, respectively (see Note 24).

4. Segment Information

Operating segments are components of the Group: (a) that engage in business activities from which the Group may earn revenues and incur losses and expenses (including revenues and expenses relating to transactions with other components of the Group); (b) whose operating results are regularly reviewed by the Group's chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available. The Group's CODM is the Parent Company's BOD. The Parent Company's BOD regularly reviews the operating results of the business units to make decisions on resource allocation and assess performance. Segment revenues and segment expenses are measured in accordance with PFRSs.

The presentation and classification of segment revenues and segment expenses are consistent with those in the consolidated statements of income. Financing costs (including interest expense) and income taxes are managed on a per company basis and are not allocated to operating segments.

Further, the measurement of the segment assets is the same as those described in the summary of significant accounting and financial reporting policies.

The Group has only one geographical segment as all of its assets are located in the Philippines. The Group operates and derives all of its revenue from domestic operations. Thus, geographical business information is not required.

Revenue is recognized to the extent that it is probable that those economic benefits will flow to the Group and that the revenue can be reliably measured. The Group does not have revenue from transaction with a single external customer, which amount to 10% or more of the Group's revenues.

Segment expenses are those directly attributable to the segment and the relevant portion of an expense that can be allocated on a reasonable basis to the segment, including expenses such as direct costs and expenses and general and administrative expenses.

The business segments where the Group operates follow:

- Residential developments - sale of residential lots and condominium units;
- Leasing activities - development of Business Process Outsourcing (BPO) buildings, and commercial spaces and condominium units for lease; and
- Serviced apartments - operations of rooms and other operated departments at "The Mini Suites" in Eton Tower Makati.

Considering the nature of the business segments, there were no intersegment revenues generated for all years.

2022

	Residential Developments	Leasing Activities	Serviced Apartments	Unallocated Corporate Balance	Consolidated
Revenue from external customers	₱225,118,767	₱1,747,522,403	₱178,152,351	₱–	₱2,150,793,521
Direct costs	226,434,536	863,690,384	106,812,052	–	1,196,936,972
Gross profit (loss)	(1,315,769)	883,832,019	71,340,299	–	953,856,549
Selling, general and administrative expenses	384,294	–	–	600,567,757	600,952,051
Operating income	(1,700,063)	883,832,019	71,340,299	(600,567,757)	352,904,498
Interest income	–	–	–	10,238,648	10,238,648
Other income (charges) - net	(87,748,596)	430,517,333	204,071	(3,031,071)	339,941,737
Finance charges	–	–	–	(323,381,132)	(323,381,132)
Provision for income tax	–	–	–	(84,112,389)	(84,112,389)
Segment profit (loss)	(₱89,448,569)	₱1,314,349,352	₱71,544,370	(₱1,000,853,701)	₱295,591,362
Other information					
Segment assets	₱5,355,938,969	₱15,838,278,636	₱743,897,361	₱8,971,053,988	₱30,909,168,954
Segment liabilities	₱1,909,679,900	₱1,193,099,882	₱61,964,901	₱8,156,714,319	₱11,321,459,002
Segment additions to property and equipment, investment properties and software (Notes 9, 10 and 11)	₱–	₱2,472,974,881	₱1,429,446	₱5,123,343	₱2,479,527,669
Depreciation and amortization	–	374,762,413	53,572,407	45,653,798	473,988,617

2021

	Residential Developments	Leasing Activities	Serviced Apartments	Unallocated Corporate Balance	Consolidated
Revenue from external customers	₱137,666,528	₱1,614,216,585	₱220,186,409	₱–	₱1,972,069,522
Direct costs	(55,053,102)	(732,791,004)	(93,255,206)	–	(881,099,312)
Gross profit	82,613,426	881,425,581	126,931,203	–	1,090,970,210
Selling, general and administrative expenses	(23,594,403)	–	–	(742,812,816)	(766,407,219)
Operating income	59,019,023	881,425,581	126,931,203	(742,812,816)	324,562,991
Interest income	4,401,497	–	–	8,772,294	13,173,791
Other income (charges) - net	(52,237,010)	255,303,850	(3,732,930)	383,190,501	582,524,411
Finance charges	–	–	–	(257,230,830)	(257,230,830)
Provision for income tax	–	–	–	(112,784,588)	(112,784,588)
Segment profit	₱11,183,510	₱1,136,729,431	₱123,198,273	(₱720,865,439)	₱550,245,775
Other information					
Segment assets	₱6,117,764,720	₱12,971,143,160	₱868,447,410	₱12,426,953,929	₱32,384,309,219
Segment liabilities	₱2,108,151,710	₱1,160,740,080	₱36,426,170	₱9,855,268,290	₱13,160,586,250
Segment additions to property and equipment, investment properties and software (Notes 9, 10 and 11)	₱–	₱732,949,657	₱–	₱–	₱732,949,657
Depreciation and amortization	45,935,225	314,345,101	53,569,617	–	413,849,943

2020

	Residential Developments	Leasing Activities	Serviced Apartments	Unallocated Corporate Balance	Consolidated
Revenue from external customers	P641,688,855	P1,757,700,827	P205,182,683	P–	P2,604,572,365
Direct costs	(239,524,318)	(674,438,650)	(108,425,233)	–	(1,022,388,201)
Gross profit	402,164,537	1,083,262,177	96,757,450	–	1,582,184,164
Selling, general and administrative expenses	(28,568,043)	–	–	(587,628,561)	(616,196,604)
Operating income	373,596,494	1,083,262,177	96,757,450	(587,628,561)	965,987,560
Interest income	4,528,868	–	–	15,318,495	19,847,363
Other income (charges) - net	(16,853,200)	219,410,406	12,522,935	235,593,610	450,673,751
Finance charges	–	–	–	(272,686,173)	(272,686,173)
Provision for income tax	–	–	–	(361,721,717)	(361,721,717)
Segment profit	P361,272,162	P1,302,672,583	P109,280,385	(P953,688,470)	P802,100,784
Other information					
Segment assets	P6,485,348,153	P13,157,108,390	P857,977,895	P11,321,502,677	P31,821,937,115
Segment liabilities	P2,169,779,605	P899,966,707	P32,623,664	P10,078,103,947	P13,180,473,923
Segment additions to property and equipment, investment properties and software (Notes 9, 10 and 11)	P11,919,762	P906,080,178	P1,931,266	P–	P919,931,206
Depreciation and amortization	30,486,723	322,190,948	55,504,850	–	408,182,521

5. Cash and Cash Equivalents

	2022	2021
Cash on hand and in banks	**P1,010,967,485**	P1,000,943,453
Cash equivalents	**160,731,016**	1,178,164,910
	P1,171,698,501	P2,179,108,363

Cash in banks earn interest at the prevailing bank deposit rates (see Note 18). Cash equivalents earn interest at the prevailing short-term investment rates ranging from 0.25% to 4.25% in 2022 and 0.25% to 3.50% in 2021 and 2020.

Interest income from cash and cash equivalents amounted to P10.2 million, P8.8 million and P15.3 million in 2022, 2021 and 2020, respectively (see Note 18).

6. Trade and Other Receivables

	2022	2021
Contracts receivables	**P488,911,190**	P834,250,615
Receivables from buyers	**509,458,017**	529,680,629
Lease receivables	**558,566,831**	313,516,480
Receivables from tenants	**112,102,568**	61,156,189
Receivable from related party (Note 17)	**25,000,000**	25,000,000
Others	**454,723,966**	409,384,822
	2,148,762,572	2,172,988,735
Less allowance for expected credit losses (Note 28)	**246,113,544**	188,994,923
	1,902,649,028	1,983,993,812
Less noncurrent portion of contracts receivables	**40,298,340**	88,514,047
	P1,862,350,688	P1,895,479,765

a. Contracts receivables consist of revenues recognized to date based on the percentage-of-completion less collections received from the respective buyers.

Interest from contracts receivables amounted to nil, P4.4 million and P4.5 million in 2022, 2021 and 2020, respectively (see Note 18).

b. Receivables from buyers include receivables relating to registration of titles, turnover fees and advances paid for on behalf of buyers whereas receivables from tenants represent charges to tenants for utilities normally collectible within a year.

c. Other receivables include accrued interest receivable pertaining to contracts receivables. Included also in other receivables are the advances to officers and employees which pertain to unliquidated cash advances that are due within one year. Unliquidated cash advances to officers and employees are recoverable through salary deduction.

7. Real Estate Inventories

	2022	2021
Condominium and residential units	**P219,197,522**	P182,071,758
Land held for development	**–**	217,541,962
Subdivision projects under development	**3,855,606,626**	3,758,805,984
	P4,074,804,148	P4,158,419,704

a. A summary of the movements in real estate inventories is set out below:

	2022	2021
Beginning of year	**P4,158,419,704**	P4,140,024,825
Development costs incurred and cost of returned inventory (Notes 12, 15 and 17)	**142,818,980**	73,447,981
Cost of sales	**(226,434,536)**	(55,053,102)
End of year	**P4,074,804,148**	P4,158,419,704

b. Real estate inventories recognized as part of cost of real estate sales amounted to P226.4 million, P55.1 million and P239.5 million in 2022, 2021 and 2020, respectively.

8. Other Current Assets

	2022	2021
Input VAT	**P1,049,523,071**	P940,070,819
Deferred rent assets	**195,242,598**	240,463,727
Creditable withholding taxes	**155,139,638**	122,203,132
Advances to contractors and suppliers (Notes 11 and 17)	**76,718,492**	107,263,997
Prepayments	**19,464,254**	40,400,627
Others	**22,366,350**	1,649,540
	P1,518,454,403	P1,452,051,842

a. Deferred rent asset is used to record rental income on a straight-line basis over the lease term.

b. Advances to contractors and suppliers are recouped every settlement of progress billings based on percentage of accomplishment of each contract package. while advances to suppliers are deducted to the billing upon delivery of materials and supplies. The activities related to these advances will be completed within the Group's normal operating cycle.

c. Prepayments consist of prepaid commission, taxes and licenses and other prepaid expenses. Prepaid taxes and licenses consist of unamortized portion of taxes and licenses real estate taxes.

9. Investment Properties

	2022				
	Land (Note 14)	Land Improvements and Buildings	Condominium Units	Construction In Progress	Total
Cost					
Beginning of year	₱8,350,848,839	₱9,237,153,265	₱1,715,446,515	₱3,964,865,501	₱23,268,314,120
Additions	–	–	39,670,083	11,612,500	51,282,583
Reclassification	–	–	2,429,769,851	(2,429,769,851)	–
End of year	8,350,848,839	9,237,153,265	4,184,886,449	1,546,708,150	23,319,596,703
Accumulated Depreciation					
Beginning of year	–	1,846,845,303	130,095,635	–	1,976,940,938
Depreciation (Note 20)	–	4,909,426	353,513,938	–	358,423,364
End of year	–	1,851,754,729	483,609,573	–	2,335,364,302
Net Book Values	₱8,350,848,839	₱7,385,398,536	₱3,701,276,876	₱1,546,708,150	₱20,984,232,401

	2021				
	Land (Note 14)	Land Improvements and Buildings	Condominium Units	Construction in Progress	Total
Cost					
Beginning of year	₱8,350,848,839	₱9,177,236,595	₱1,715,446,515	₱3,320,556,969	₱22,564,088,918
Additions	–	59,916,670	–	644,308,532	704,225,202
End of year	8,350,848,839	9,237,153,265	1,715,446,515	3,964,865,501	23,268,314,120
Accumulated Depreciation					
Beginning of year	–	1,597,192,082	84,160,410	–	1,681,352,492
Depreciation (Note 20)	–	249,653,221	45,935,225	–	295,588,446
End of year	–	1,846,845,303	130,095,635	–	1,976,940,938
Net Book Values	₱8,350,848,839	₱7,390,307,962	₱1,585,350,880	₱3,964,865,501	₱21,291,373,182

a. Rental income and direct operating expenses arising from the investment properties amounted to ₱1.747.5 million and ₱903.7 million in 2022, ₱1,614.2 million and ₱732.8 million in 2021, ₱1,757.7 million and ₱674.4 million in 2020, respectively.

Depreciation of investment properties amounting to ₱364.8 million, ₱289.9 million and ₱287.9 million were recognized as part of cost of rental income in 2022, 2021 and 2020 respectively.

c. Borrowing costs capitalized as cost of investment properties in 2022, 2021 and 2020 amounted to nil, ₱131.0 million and ₱160.4 million, respectively (see Notes 14, 15 and 18).

d. Construction in progress pertains to buildings under construction to be leased as retail and office spaces upon completion. The development and construction period normally range from three to five years and depends heavily on the size of the assets. During 2022, construction of WestEnd Square is finished and the Company reclassified its construction in progress into the "Condominium units" amounting to ₱2,429.8 million.

As of December 31, 2022, the ongoing project of the Parent Company is NXTower. As of December 31, 2021, the ongoing projects of the Parent Company are WestEnd Square and NXTower.

e. The estimated fair value of land, condominium units, and buildings for lease are as follows:

Property	Approach	Fair Value	Valuation Report Date
Land and land improvements	Market approach	₱38,653,562,000	December 31, 2022
Condominium units	Market approach	3,596,989,400	December 31, 2022
Buildings for lease	Cost approach	12,603,475,900	December 31, 2022
		₱54,854,027,300	

The estimated fair value of the land and condominium units was arrived at using the Market Approach. In this approach, the value of the land and building were based on sales and listings of comparable property registered within the vicinity. The approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. For the valuation of the buildings for lease, the Cost Approach method of valuation is used. This method is based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. In estimating the cost of replacement of the new building and other land improvements, the Modified Quantity Survey Method is adopted.

The valuations were performed by Asian Appraisal Company, Inc. The valuation model used in accordance with that recommended by the International Valuation Standards Council has been applied. These valuation models are consistent with the principles in PFRS 13, *Fair Value Measurement.*

The fair values of land and condominium units for lease were updated to reflect the value of comparable property registered within the vicinity as of December 31, 2022. The valuation of the buildings for lease has been updated to reflect utilization from the dates of the latest valuation.

10. Property and Equipment

	2022				
	Serviced Apartments	Transportation Equipment	Furniture, Fixtures and Equipment	Leasehold Improvements	Total
Cost					
Beginning of year	₱992,376,116	₱50,816,294	₱244,509,256	₱24,627,228	1,312,328,894
Additions	1,429,446	1,830,357	9,174,144	–	12,433,947
Retirement/Disposal	–	(5,275,892)	–	–	(5,275,892)
End of year	993,805,562	47,370,759	253,683,400	24,627,228	1,319,486,949
Accumulated Depreciation and Amortization					
Beginning of year	249,526,490	42,359,633	222,379,621	24,414,609	538,680,353
Depreciation and amortization (Note 20)	53,572,407	3,748,805	14,318,215	134,981	71,774,408
Retirement/Disposal	–	(5,275,892)	–	–	(5,275,892)
End of year	303,098,897	40,832,546	236,697,836	24,549,590	605,178,869
Net Book Values	₱690,706,665	₱6,538,213	₱16,985,564	₱77,638	₱714,308,080

	2021				
	Serviced Apartments	Transportation Equipment	Furniture, Fixtures and Equipment	Leasehold Improvements	Total
Cost					
Beginning of year	₱992,376,116	₱54,010,801	₱223,175,232	₱24,508,264	₱1,294,070,413
Additions	–	3,948,214	21,334,024	118,964	25,401,202
Disposals	–	(7,142,721)	–	–	(7,142,721)
End of year	992,376,116	50,816,294	244,509,256	24,627,228	1,312,328,894
Accumulated Depreciation and Amortization					
Beginning of year	195,956,873	44,689,328	207,282,693	23,834,693	471,763,587
Depreciation and amortization (Note 20)	53,569,617	4,813,026	15,096,928	579,916	74,059,487
Disposals	–	(7,142,721)	–	–	(7,142,721)
End of year	249,526,490	42,359,633	222,379,621	24,414,609	538,680,353
Net Book Values	₱742,849,626	₱8,456,661	₱22,129,635	₱212,619	₱773,648,541

In 2022 and 2021, the Group sold certain property and equipment with total book values of both nil for P1.6 million and P2.9 million, respectively. There were no unpaid purchases of property and equipment as of December 31, 2022 and 2021.

In 2022, 2021 and 2020, the Group recognized depreciation and amortization of equipment and leasehold improvements used in leasing activities amounting to P8.4 million, P10.9 million and P16.4 million, respectively, as part of "Cost of rental income".

11. Other Noncurrent Assets

	2022	2021
Advances to contractors and suppliers (Note 17)	₱167,917,546	P150,398,233
Refundable deposits - net	156,202,291	141,216,872
Software	5,418,962	8,174,010
Others	2,900,000	2,900,000
	₱332,438,799	P302,689,115

a. Refundable deposits consist principally of amounts paid to utility providers for service applications and guarantee deposit required by the Makati Commercial Estate Association (MACEA). Deposits paid to utility companies will be refunded upon termination of the service contract while guarantee deposit paid to MACEA will be refunded upon project completion.

b. The rollforward analysis of the Group's software follows:

	2022	2021
Cost		
Beginning of year	₱87,215,402	P83,892,149
Additions	4,340,253	3,323,253
End of year	91,555,655	87,215,402
Accumulated Amortization		
Beginning of year	79,041,392	71,534,926
Amortization (Note 20)	7,095,301	7,506,466
End of year	86,136,693	79,041,392
Net Book Values	₱5,418,962	P8,174,010

In 2022, 2021 and 2020, the Group recognized as part of "Cost of rental income" the amortization of software used in leasing activities amounting to P0.1 million, P0.1 million and P0.36 million, respectively.

12. Trade and Other Payables

	2022	2021
Accounts payable	₱971,853,086	P1,109,036,177
Retentions payable	485,527,966	613,124,045
Taxes payable	485,536,576	318,209,165
Accrued expenses:		
Real estate development costs	1,111,598,088	1,011,196,077
Utilities, outside services and others	195,026,883	270,331,483
Interest	172,145,876	153,444,216
	P3,421,688,475	P3,475,341,163

a. Accounts payable includes amount payable to contractors for the construction and development 810costs. Retentions payable pertains to the amount withheld from progress billings of the contractors as a guaranty for any claims against them. Accounts payable and retentions payable are normally settled within the Group's normal operating cycle.

b. Accrued expenses represent various accruals of the Group for its expenses and real estate projects. Accrued real estate development costs are construction-related accruals for the real estate projects of the Group.

13. Revenue

a. The Company's disaggregation of each sources of revenue from contracts with customers are presented below:

	2022	2021	2020
Segments			
Leasing activities	₱1,747,522,403	P1,614,216,585	P1,757,700,827
Residential developments	225,118,767	137,666,528	641,688,855
Serviced apartments	178,152,351	220,186,409	205,182,683
	₱2,150,793,521	P1,972,069,522	P2,604,572,365
Timing of revenue			
Over time	₱1,972,641,170	P1,751,883,110	P2,399,389,682
Point in time	178,152,351	220,186,412	205,182,683
	₱2,150,793,521	P1,972,069,522	P2,604,572,365

b. Contract Balances

	2022	2021
Installment contracts receivable	₱488,911,190	P834,250,615
Contract liabilities (customer's deposits)	928,536,195	955,097,869

Customers' deposits represent payments received from buyers of condominium and residential units and are measured equal to the amounts received from customers. These will eventually be applied against the corresponding contracts receivables following the revenue recognition policy of the Group. As of December 31, 2022 and 2021, customers' deposits amounted to ₱928.5 million and ₱955.1 million, respectively. The balance of customers' deposits amounting to ₱928.5 million is expected to be recognized as revenue by year 2023.

14. Loans Payable

	2022	2021
Bank loans	**₱4,461,080,211**	₱6,166,970,000
Unamortized debt issue costs	**(16,443,053)**	(30,603,113)
	4,444,637,158	6,136,366,887
Less current portion	**2,058,933,231**	1,682,981,051
Noncurrent portion	**₱2,385,703,927**	₱4,453,385,836

a. In 2018, Parent Company entered into an unsecured term loan agreement with Bank of the Philippine Islands (BPI) amounting to ₱5,000.0 million to finance the construction of the Parent Company's projects. On July 31, 2018, ₱500.0 million was initially drawn and an additional ₱1,000.0 million on September 26, 2018. The term loan with BPI has a nominal rate of 6.8% and 7.9% for the first and second drawdown, respectively. However, on March 30, 2020, the Parent Company has paid in full the principal amount of the first two drawdowns. In 2022 and 2021, the Parent Company availed loan drawdowns totaling to nil and ₱1,700.0 million, respectively, with a nominal rate of 5% for each of the drawdown. Principal repayments will commence a year from the date of initial borrowing and due quarterly, while interest payments are due quarterly.

b. In 2016, the Parent Company entered into a loan agreement with Philippine National Bank (PNB) amounting to ₱4,500.0 million secured by a certain parcel of land located in Sta. Rosa, Laguna and an office building in Ortigas Avenue, Quezon City. In the same year, the Parent Company availed of the loan in two drawdowns totaling ₱2,000.0 million. In 2017, the Parent Company had a third drawdown of the loan with the amount of ₱2,490.0 million, bringing the total cash received through PNB loan to ₱4,490.0 million. The term loans with PNB bears nominal interest rate of 5.0% for five (5) years and subject to annual repricing for the last two (2) years of the term. The loan will mature on May 31, 2023. Principal repayments will commence two years from the date of initial drawdown and due quarterly while interest payments are due quarterly starting August 31, 2016 (see Notes 9 and 17).

c. The Parent Company entered into an unsecured term loan agreement with Asia United Bank (AUB), in 2016, amounting to ₱1,500.0 million to finance the construction of the Parent Company's projects. The term loans with AUB bear nominal interest rate of 5.0% and will mature on September 28, 2023. Principal repayments commenced two years from the date of availment and due quarterly while interest payments are due quarterly starting December 28, 2016.

d. The Parent Company is required to comply with certain non-financial covenants and maintain certain financial ratios, such as current ratio, debt service cost coverage and debt equity ratio. As at December 31, 2022 and 2021, theParent Company is in compliance with the financial and non-financial loan covenants.

The debt issue costs representing fees, taxes and other charges incurred in obtaining the loan were deferred and amortized using the effective interest method. The amortization of debt issue cost is recognized as part of "Finance charges" account in the consolidated statements of income.

Movements in the unamortized debt issue costs of bank loans are as follows:

	2022	2021
Balances at beginning of year	**₱30,603,113**	₱21,164,066
Additions	**–**	12,750,000
Amortization (Note 18)	**(14,160,060)**	(10,646,764)
Gain on contract modification (Note 22)	**–**	7,335,811
Balances at end of year	**₱16,443,053**	₱30,603,113

Interest expense related to loans payable amounted to ₱274.7 million, ₱315.0 million, and ₱302.1141.7 million, net of capitalized portion of nil, ₱131.0 million and ₱150.3 million in 2022, 2021 and 2020, respectively (see Notes 9, 15 and 18).

15. Payables to Landowners

	2022	2021
Three-year floating rate promissory note, quarterly installment	**₱1,061,190,858**	₱1,061,190,858

a. On various dates in 2014, ECI and BCI executed ₱1,061.2 million promissory notes, subject to interest rate of PDSTF 3 years + 0.50%, to various landowners in relation to their purchased parcels of land located in Sta. Rosa, Laguna with total purchase price of ₱1.4 billion. The promissory notes are due on the third year of its execution date. In June 2017, the payment of the various promissory notes was extended for another three years. In 2020, various landowners requested for extension, and the payment of the various promissory notes was extended for another three years. In 2022, the promissory note was further extended for another year using the same interest rate.

b. Interest expense related to payables to landowners amounted to ₱24.1 million, ₱18.1 million and ₱60.5 million, net of capitalized portion of nil, nil and ₱10.1 million in 2022, 2021 and 2020, respectively (see Notes 9 and 18).

16. Other Noncurrent Liabilities

	2022	2021
Security deposits	**₱683,464,142**	₱641,857,535
Advance rentals	**112,563,422**	86,976,029
Retirement benefits liability (Note 23)	**58,580,182**	141,134,022
Deferred rental income	**50,550,421**	42,395,735
	905,158,167	912,363,321
Less current portion of:		
Security deposits	**54,746,823**	291,007,937
Advance rentals	**259,660,729**	26,323,237
	314,407,552	317,331,174
	₱590,750,615	₱595,032,147

Security deposits pertain to the amounts paid by the tenants at the inception of the lease which are refundable at the end of the lease term subject to the terms and conditions of the contract. Security deposits are initially recorded at fair value, which was obtained by discounting future cash flows using the applicable rates of similar types of instruments.

Advance rentals pertain to deposits from tenants which will be applied against receivables either at the beginning or at the end of lease term based on the lease contract.

Deferred rental income consists of advance rental payment from land and commercial leasing.

17. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The table below shows the details of the Group's transactions with related parties.

	Financial Statement Account	Amount/Volume		Outstanding Balance		Terms and Conditions
		2022	2021	2022	2021	
Subsidiaries of LTG	Cash and cash equivalents	**(P828,138,865)**	P562,785,695	**P871,025,602**	P1,699,164,255	Deposits and placements; interest-bearing
	Payable to landowners	–	–	**(144,068,158)**	(144,068,158)	Unsecured; interest-bearing
	Lease liabilities	**35,591,565**	5,320,668	**(5,374,482)**	(40,966,047)	Unsecured; noninterest-bearing
	Trade payables	**(21,115,832)**	**–**	**(21,115,832)**	–	Unsecured; noninterest -bearing
	Trade receivables	**29,586,104**	–	**29,586,104**	–	Management fee; noninterest -bearing
	Loans payable	**(831,089,789)**	1,167,400,000	**(1,189,410,211)**	(2,020,500,000)	Secured; interest-bearing
Entities under Common Control	Payables to related parties	–	72,000,000	–	–	Management fee; noninterest -bearing
	Trade payables	**(17,460,000)**	–	**(17,460,000)**	–	Management fee; noninterest -bearing
	Advances to contractors	–	–	**641,898**	641,898	Unsecured; noninterest-bearing
Parent Company	Receivable from related party	–	–	**25,000,000**	25,000,000	Noninterest-bearing

As of December 31, 2022 and 2021, the outstanding related party balances are unsecured and settlement occurs in cash, unless otherwise indicated. The Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which these related parties operate.

Other terms and conditions related to the above related party balances and transactions are as follows:

Transactions with Subsidiaries of LTG

- Portion of the Group's cash and cash equivalents is deposited with PNB.

- In 2017 and 2016, the Parent Company entered into an unsecured term loan agreement with PNB amounting to P2,490.0 million and P2,000.0 million, respectively, to finance the construction of the Parent Company's projects. Total outstanding payables amounting to P1,189.4 million and P2,020.5 million were recorded under "Loans payable" in the consolidated statements of financial position as of December 31, 2022 and 2021, respectively (see Note 14).

- In 2014, ECI purchased parcels of land from related parties amounting to P201.8 million. Total outstanding payables amounting to P144.1 million were recorded as part of "Payables to landowners" as of December 31, 2022 and 2021 (see Note 15).

- The Group has a lease agreement with PNB for the use of the latter's common area as office space of the former. In 2021, PNB assigned all the rights and interests in the lease agreement to PNB Holdings Corporation. In the same year, the Group and PNB Holdings Corporation executed a lease agreement to increase the lease payments beginning 2021. As a result, the Group recognized gain on lease contract modification amounting to P2.6 million (see Note 27). Total outstanding payable as of as of December 31, 2022 and 2021 amounts to P21.1 million and nil.

- In 2022 and 2021, the Group entered into service contract agreements with PNB Holdings Corporation. Total service fees recognized by the Group included in "Service fees" amounted to P 71.5 million and P130.4 million (see Note 22). Total outstanding payable as of as of December 31, 2022 and 2021 amounts to P56.6 million and nil.

Transactions with Entities under Common Control

- The Group has outstanding advances to Grandspan Development Corporation pertaining to the development of the Group's projects and is included as part of "Other current assets" account. These advances were used to fund development costs and are charged as part of "Real estate inventories" account (see Notes 7, 8 and 11).

- In 2011, the Group entered into a management contract agreement with Basic Holdings Corporation. Total management fee recognized by the Group included in "Outside services" amounted to P72.0 million, P72.0 million and P96.0 million in 2022, 2021 and 2020, respectively (see Note 20). Total outstanding payable as of as of December 31, 2022 and 2021 amounts to P 17.5 million and nil.

Transactions with Parent Company

- The Group has noninterest-bearing advances to its ultimate parent, Tangent Holding Corporation, amounting to P25.0 million as of December 31, 2022 and 2021 (see Note 6).

The following are the transactions and balances among related parties which are eliminated in the consolidated statements of financial position:

Amounts owed by:	Amounts owed to:	Terms and Conditions	2022	2021
ECI	EPPI	Advances; noninterest-bearing	₱705,935,330	₱710,134,191
EHLI	EPPI	-do-	52,852,972	51,751,016
ECI	BCI	-do-	50,784,169	50,784,169
EPMC	EPPI	-do-	-	9,210,560
BCI	EPPI	-do-	-	2,123,613
EPMC	BCI	-do-	-	8,000

Key Management Personnel

Compensation of key management personnel are as follows:

	2022	2021	2020
Salaries and wages	₱24,142,566	₱16,804,408	₱16,293,464
Retirement benefits costs	266,650	7,630,545	4,556,980
	₱24,409,216	₱24,434,953	₱20,850,444

18. Interest Income and Finance Charges

	2022	2021	2020
Interest income:			
Cash and cash equivalents (Note 5)	₱10,238,648	₱8,772,294	₱15,318,495
Contracts receivables (Note 6)	–	4,401,497	4,528,868
	₱10,238,648	₱13,173,791	₱19,847,363
Finance charges			
Interest expense on:			
Loans payable (Note 14)	₱258,598,018	₱314,952,291	₱302,078,443
Lease liabilities (Note 27)	40,397,474	40,438,053	41,870,959
Payables to landowners (Note 15)	24,118,361	18,075,809	60,436,225
Security deposits	34,133	13,569,134	9,279,077
	323,147,986	387,035,287	413,664,704
Capitalized interest in investment properties (Notes 9, 14 and 15)	–	(130,978,968)	(160,383,588)
	323,147,986	256,056,319	253,281,116
Bank charges and others	234,445	1,174,511	19,405,057
	₱323,382,431	₱257,230,830	₱272,686,173

Capitalization rates for general borrowing in 2022, 2021 and 2010 were nil, 5.16%, and 5.33% respectively, and capitalization rates for specific borrowing in 2022, 2021 and 2020 were nil, 3.95%, and 5.11% respectively (see Notes 9, 14 and 15). Others include penalties and surcharges which are individually not material as to amounts.

19. Selling Expenses

	2022	2021	2020
Advertising and promotions	₱2,376,994	₱1,931,487	₱3,487,465
Commissions	384,294	23,594,403	28,568,043
	₱2,761,288	₱25,525,890	₱32,055,508

20. General and Administrative Expenses

	2022	2021	2020
Personnel costs (Note 21)	₱145,539,939	₱225,494,105	₱200,043,355
Outside services (Note 17)	109,098,705	118,850,122	136,258,742
Depreciation and amortization (Notes 10 and 11)	97,873,192	95,198,880	85,648,031
Taxes and licenses	90,480,554	70,004,601	82,810,912
Provision for ECL (Note 28)	57,278,368	131,169,490	186,183
Repairs and maintenance	38,041,903	44,463,621	40,077,342
Communication, light and water	27,201,493	12,558,937	13,156,613
Professional fees	9,752,769	8,807,107	7,395,392
Travel and transportation	6,140,325	4,054,657	3,061,124
General insurance	3,254,661	3,118,132	3,305,862
Entertainment, amusement and recreation	2,592,309	1,550,901	1,361,757
Office supplies	2,106,967	4,313,362	2,339,997
Others	8,828,279	21,297,414	8,495,786
	₱598,189,464	₱740,881,329	₱584,141,096

Others include expenditures training and seminar fees, membership fees and research and development costs which are individually not material.

21. Personnel Costs

	2022	2021	2020
Salaries and wages	₱157,252,621	₱159,448,779	₱144,474,619
Employee benefits	57,473,740	58,259,062	60,242,279
Retirement benefits cost (Note 23)	10,927,264	37,606,309	28,201,280
	₱225,653,625	₱255,314,150	₱232,918,178

The Group recognized ₱80.1 million, ₱29.8 million and ₱32.9 million personnel cost under "Cost of rooms and other operated departments" in 2022, 2021 and 2020, respectively.

22. Other Income - Net

	2022	2021	2020
Rental dues	**₱411,010,106**	₱424,003,840	₱427,257,511
Loss on cancelled contracts	**(114,809,817)**	(52,237,010)	(16,853,200)
Service fees (Note 17)	**105,184,177**	163,321,975	31,915,511
Penalty income and late payment charges	**6,666,046**	2,500,244	3,975,340
Others - net (Note 14)	**(68,912,384)**	40,785,669	8,671,363
	₱333,138,128	₱578,374,718	₱454,966,525

Rental dues pertain to income arising from charges and expenses recharged to tenants. Loss on cancelled contracts represents the loss incurred by the Group as a result of cancellation of contracts to sell by the buyer or the Group in general.

Others include gain or loss on disposal of property and equipment, gain on contract modification, day 1 gain on security deposits, forfeited deposits and miscellaneous expense.

23. Retirement Benefits

RA No. 7641 ("Retirement Pay Law"), an Act Amending Article 287 of Presidential Decree No. 442 ("Labor Code of the Philippines"), requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

On June 26, 2018, the Board of Directors approved the new retirement plan for the Group's employees. The key differences between the new and old retirement plans are as follows:

- The new retirement plan provides early retirement benefit.
- The old retirement plan provides an employee 17.50 days final basic salary for every year of service with a fraction of six months considered as one year, while the new retirement plan provides 22.5 day-final monthly salary for every year of service upon normal or late retirement and a percentage of the accrued retirement benefits for early retirement.

The Group is in a Multi-Employer Retirement plan which is noncontributory and based on the final salary defined benefit type.

The retirement fund of the Group is maintained by PNB as the trustee bank. The Group's transactions with the fund mainly pertain to contribution made for the year. The cost of defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations.

The tables on the next page summarize the components of the net retirement benefits costs recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated statements of financial position.

	2022		
	Present Value of Defined Benefit Obligations	**Fair Value of Plan Assets**	**Net Accrued Retirement Benefits**
Beginning balances	**₱142,151,873**	**(₱1,017,851)**	**₱141,134,022**
Net retirement benefits costs recognized in the consolidated statement of income:			
Current service cost	**28,919,436**	**–**	**28,919,436**
Current service cost	**7,420,586**	**(52,928)**	**7,367,658**
Settlement gain	**(25,359,830)**	**–**	**(25,359,830)**
	10,980,192	**(52,928)**	**10,927,264**
Benefits paid directly by the Group	**(2,286,942)**	**–**	**(2,286,942)**
Remeasurement losses (gains) in other comprehensive income - actuarial changes arising from:			
Change in financial assumptions	**(37,424,526)**	**–**	**(37,424,526)**
Experience adjustments	**(53,810,260)**	**–**	**(53,810,260)**
Return on plant assets	**–**	**40,624**	**40,624**
	(91,234,786)	**40,624**	**(91,194,162)**
Ending balances	**₱59,610,337**	**(₱1,030,155)**	**₱58,580,182**

	2021		
	Present Value of Defined Benefit Obligations	Fair Value of Plan Assets	Net Accrued Retirement Benefits
Beginning balances	₱144,748,437	(₱1,015,257)	₱143,733,180
Net retirement benefits costs recognized in the consolidated statement of income:			
Current service cost	31,683,722	–	31,683,722
Interest cost (income)	5,964,213	(41,626)	5,922,587
	37,647,935	(41,626)	37,606,309
Remeasurement losses (gains) in other comprehensive income - actuarial changes arising from:			
Change in financial assumptions	(31,475,178)	–	(31,475,178)
Experience adjustments	(8,769,321)	–	(8,769,321)
Return on plan asset	–	39,032	39,032
	(40,244,499)	39,032	(40,205,467)
Ending balances	₱142,151,873	(₱1,017,851)	₱141,134,022

	2020		
	Present Value of Defined Benefit Obligations	Fair Value of Plan Assets	Net Accrued Retirement Benefits
Beginning balances	P129,733,063	(P1,005,206)	P128,727,857
Net retirement benefits costs recognized in the consolidated statement of income:			
Current service cost	21,050,604	–	21,050,604
Interest cost (income)	7,206,364	(55,688)	7,150,676
	28,256,968	(55,688)	28,201,280
Benefits paid directly by the Group	(1,440,224)	–	(1,440,224)
Settlement benefits paid directly by the Company	(6,092,012)	–	(6,092,012)
Remeasurement losses (gains) in other comprehensive income - actuarial changes arising from:			
Change in financial assumptions	(1,435,186)	45,637	(1,389,549)
Change in demographic assumptions	50,867,680	–	50,867,680
Experience adjustments	(55,141,852)	–	(55,141,852)
	(5,709,358)	45,637	(5,663,721)
Ending balances	P144,748,437	(P1,015,257)	P143,733,180

The retirement benefits liabilities recognized as part of "Other noncurrent liabilities" in the consolidated statements of financial position amounted to P58.8 million and P141.1 million as of December 31, 2022 and 2021, respectively (see Note 16).

The fair value of the plan assets amounting to P1.0 million is comprised of financial assets measured at fair value through profit or loss. Actual return on plan assets amounted to P12,304, P2,594 and P10,051 in 2022, 2021 and 2020, respectively.

The principal assumptions used in determining retirement benefits cost as of December 31 follow:

	2022	2021	2020
Discount rate	**7.40%**	5.20%	4.10%
Salary increase rate	**10.00%**	10.00%	10.00%
Average future working years of service	**12.99**	13.44	13.33

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	2022		2021		2020	
Discount rate	**+1.0%**	**(₱53,459,342)**	+1.0%	(P22,482,963)	+1.0%	(P24,990,901)
	-1.0%	**72,253,802**	-1.0%	28,267,530	-1.0%	30,140,973
Future salary increase rate	**+1.0%**	**71,886,580**	+1.0%	26,628,432	+1.0%	25,435,937
	-1.0%	**(53,568,938)**	-1.0%	(21,785,370)	-1.0%	(66,059,220)

Shown below is the maturity analysis of the undiscounted benefit payments:

	2022	2021	2020
Less than 1 year	**₱802,665**	P4,639,645	P3,052,431
More than 1 year up to 5 years	**20,164,192**	22,203,133	19,009,302
More than 5 years up to 10 years	**16,543,546**	55,384,791	70,174,558

There is no expected contribution to the plan assets in 2023.

24. Income Taxes

a. Details of the Group's provision for current income tax follow:

	2022	2021	2020
RCIT	**₱141,735,270**	P231,532,562	P224,079,368
Final	**2,301,044**	1,782,272	4,407,485
MCIT	**788,142**	596,853	804,623
Adjustment in the current period for income tax of prior period	–	(19,513,001)	–
	₱144,824,554	P214,398,686	P229,291,476

b. The Group's recognized net deferred income tax liabilities as of December 31, 2021 and 2020 follow:

	2022	2021
Deferred income taxes directly recognized in profit or loss:		
Deferred income tax assets on:		
Difference between ROU and lease liability	**₱59,389,345**	P68,456,362
Retirement benefits liability	**59,813,548**	56,743,552
Allowance for estimated credit losses	**60,658,840**	48,740,200
Advance rentals	**38,590,204**	21,744,008
Accrued expenses	**36,510,619**	14,878,542
Accrued commission	**4,314,081**	14,291,365
Deferred rent income	**12,637,457**	10,598,934
	271,914,094	235,452,963
Deferred income tax liabilities on:		
Capitalized borrowing cost	**(202,638,329)**	(169,893,587)
Deferred rental income	**(57,657,388)**	(60,115,932)
Difference between tax basis and book basis of accounting for real estate transactions	**(16,381,912)**	(61,631,037)
Unamortized portion of debt issue cost	**(4,110,763)**	(1,047,923)
Day 1 gain on security deposits	**(3,245,525)**	(8,447,578)
Others	**(126,454)**	(7,650,778)
	(284,160,371)	(308,786,835)
Deferred income tax liability on gains arising from changes in actuarial assumptions directly recognized in equity	**(44,258,587)**	(21,460,046)
	(₱56,504,864)	(P94,793,920)

As of December 31, 2022 and 2021, the Group has not recognized deferred income tax assets on the carryforward benefits of NOLCO and excess MCIT totaling to P13.4 million and P11.6 million, respectively, based on the assessment that sufficient taxable profit will not be available to allow the deferred income tax assets to be utilized.

Deferred income tax assets and liabilities reflected in the consolidated balance sheets are as follows:

	2022	2021
Deferred income tax assets - net	₱9,393,526	₱8,253,394
Deferred income tax liabilities - net	(65,898,390)	(103,047,314)
	(₱56,504,864)	(₱94,793,920)

c. Details excess MCIT incurred in the past three years and NOLCO incurred in 2022 follow:

Excess MCIT

Year Incurred	Balance as of December 31, 2021	Additions	Applied	Balance as of December 31, 2022	Available Until
2020	₱603,468	₱–	₱–	₱603,468	2023
2021	596,853	–	–	596,853	2024
2022	–	788,142	–	788,142	2025
	₱1,200,321	₱788,142	₱–	₱1,988,463	

NOLCO

Year Incurred	Balance as of December 31, 2021	Additions	Applied	Balance as of December 31, 2022	Available Until
2022	₱–	₱29,489,248	₱–	₱29,489,248	2025

d. On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Details of the Group's NOLCO incurred in 2021 and 2020 follow:

NOLCO

Year Incurred	Balance as of December 31, 2021	Additions	Applied	Balance as of December 31, 2022	Available Until
2020	₱36,638,496	₱–	₱–	₱36,638,496	2025
2021	12,229,003	–	–	12,229,003	2026
	₱48,867,499	₱–	₱–	₱48,867,499	

e. A reconciliation of the provision for income tax at the applicable statutory income tax rate to the provision for income tax as shown in the consolidated statements of income follows:

	2022	2021	2020
Provision for income tax at the statutory income tax rate	₱94,925,969	₱165,757,593	₱349,146,750
Adjustments for:			
Movement in temporary differences, NOLCO and excess MCIT for which no deferred income tax assets were recognized	8,160,454	3,654,104	2,097,981
Nondeductible expenses	1,835,852	1,616,963	10,665,050
Interest income subjected to final tax	(2,893,710)	(2,193,074)	(3,829,624)
Others	(17,916,176)	(56,050,998)	3,641,560
Provision for income tax	₱84,112,389	₱112,784,588	₱361,721,717

25. Equity

Capital Stock

Details of the Parent Company's capital stock as of December 31, 2022 and 2021 are as follows:

	Number of Shares	Amount
Authorized capital stock at ₱1 par value		
Beginning and end of year	8,000,000,000	₱8,000,000,000
Issued and outstanding capital stock at ₱1 par value		
Issued capital stock	5,723,017,872	₱5,723,017,872
Treasury shares	(10,000)	(7,955)
Outstanding capital stock	5,723,007,872	₱5,723,009,917

On May 12, 1988, the Philippine SEC approved the registration and licensing of the 30.0 billion authorized capital stock of the Parent Company with a total par value of ₱300.0 million divided into 18 billion Class "A" shares with par value of ₱0.01 per share and 12.0 billion Class "B" shares with par value of ₱0.01 per share. The Parent Company's management does not have the necessary information on the issue/offer price of these shares. On May 12, 1988, the Philippine SEC issued a certificate of permit to offer securities for sale to the Parent Company authorizing the sale of the ₱300.0 million worth of shares of the latter and issuance of certificates of stock for the shares already subscribed and paid for.

On February 21, 1994, the Philippine SEC approved the increase in the authorized capital stock of the Parent Company from ₱300.0 million to ₱1.0 billion divided into 60.0 billion Class "A" shares with par value of ₱0.01 per share and 40.0 billion Class "B" shares with par value of ₱0.01 per share.

The Parent Company's management does not have the necessary information on the issue/offer price of these shares. On March 11, 1994, the Philippine SEC issued a certificate of permit to offer securities for sale to the Parent Company authorizing the sale of the latter's shares.

On June 25, 1996, by majority vote of the BOD and stockholder representing at least two-thirds votes of the outstanding capital stock, an amendment on the articles of incorporation of the Parent Company was adopted. The amendment among others includes the changing of the par value of the authorized capital stock of the Parent Company from P0.01 per share to P1.00 per share. The amendment was approved by the Philippine SEC on August 12, 1997.

In the stockholders meeting held on January 14, 2003, a quasi re-organization was approved which includes a reduction in the authorized capital stock of the Parent Company from P1,000.0 million to P73.8 million and subsequently, an increase in the authorized capital stock of the Parent Company, after decrease is effected, to P5,000.0 million divided into 5,000.0 million shares having a par value of P1.00 per share.

On October 8, 2003, the Philippine SEC approved the decrease in the total authorized capital stock of the Parent Company from P1,000.0 million to P73.8 million consisting of 73.8 million shares with par value of P1.00 per share. On the same day, the Philippine SEC approved the increase in the total authorized capital stock of the Parent Company from P73.8 million to P5,000.0 million consisting of 5,000.0 million shares with par value of P1.00 per share. Saturn subscribed to P1,231.6 million out of the P4,926.2 million increase in the authorized capital stock.

On March 2, 2015, the Parent Company's BOD approved the increase in its authorized capital stock from P5,000.0 million divided into 5,000.0 million common shares with a par value of P1.00 per share to P8,000.0 million divided into 8,000.0 million common shares with a par value of P1.00 per share. On September 28, 2015, the Parent Company filed an application with the Philippine SEC to increase its authorized capital stock which was subsequently approved by the Philippine SEC on September 30, 2015. Out of the increase of 3,000.0 million common shares, 419 million common shares and 331 million common shares have been subscribed by Paramount and Saturn, respectively, at a subscription price of P2.72 per share (see Note 1).

The issued and outstanding registered shares are held by 1,668 stockholders as of December 31, 2022 and 2021.

Asset-for-Share Swap
On October 6, 2009, the Parent Company's BOD approved the acquisition of an approximately 12-hectare property, with an appraised value of P3,953.2 million, owned by Paramount where the Eton Centris projects are situated in exchange for the issuance of 1.6 billion shares to Paramount at P2.50 per share. On October 22, 2009, the Parent Company and Paramount executed a Deed of Conveyance pertaining to the asset-for-share swap. In 2011, the property and the deposit for future stock subscription were adjusted by the Parent Company to reflect the amount equal to P4.0 billion as approved by Philippine SEC. Accordingly, the Parent Company reclassified the deposit for future stock subscription into subscribed capital stock and additional paid-in capital amounting to P1.6 billion and P2.4 billion, respectively. The subscribed capital stock was issued as of December 31, 2012.

In 2012, subscription receivable from Paramount amounting to P573.7 million was collected. The corresponding subscribed shares were issued as of December 31, 2012.

Retained Earnings
The retained earnings are restricted for payment of dividends to the extent of the amount of treasury shares amounting to P7,955 as of December 31, 2022 and 2021. Portion of the retained earnings pertaining to undistributed earnings of subsidiaries amounting to P247.0 million and P301.5 million as of December 31, 2022 and 2021, respectively, and unrealized items amounting to P 31.6 million and P235.5 million as of December 31, 2022 and 2021, respectively, are not available for dividend declaration.

26. Basic/Diluted Earnings Per Share

Basic/diluted earnings per share were calculated as follows:

	2022	2021	2020
Net income	**P295,591,362**	P550,245,775	P802,100,784
Divided by weighted average number of common shares	**5,723,007,872**	5,723,007,872	5,723,007,872
Basic/diluted earnings per share	**P0.0516**	P0.0961	P0.1402

In 2022, 2021, and 2020, there are no potential dilutive common shares, thus, basic and diluted earnings per share are the same.

27. Leases

The Group as lessor
The Group entered into lease agreements with third parties covering its investment property portfolio. These leases generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher. The Group records rental income on a straight-line basis over the lease term and a certain percentage of gross revenue of tenants, as applicable, on a non-cancellable lease term. The Group recognized variable rental income amounting to P4.8 million, P3.7 million and P10.5 million in 2022, 2021 and 2020, respectively.

Future minimum rentals receivables under non-cancellable operating leases as of December 31 follow:

	2022	2021
Within one year	**P824,923,707**	P1,467,171,714
After one year but not more than five years	**2,128,760,254**	3,012,918,415
More than five years	**77,256,419**	48,036,093
	P3,030,940,380	P4,528,126,222

The Group as lessee

- The Group entered into a renewable cancellable lease agreement with PNB, which generally provides for a fixed monthly rent for the Group's office spaces. In 2021, PNB assigned all the rights and interests in the lease agreement to PNB Holdings Corporation. In the same year, the Group and PNB Holdings Corporation executed a lease agreement to increase the lease payments beginning 2021. As a result, the Group recognized gain on lease contract modification amounting to P2.6 million (see Note 17).

- The Parent Company also entered into various lease agreements as follows:

  a. Lease agreements with third parties for the lease of parcels of land in Ortigas Avenue, Quezon City where one of the Parent Company's projects is located. The lease agreement shall be for the period of 20 years which commenced on January 1, 2011 renewable for another 20 years at the option of the lessee, the Parent Company, with lease payment subject to 5% escalation annually.
  b. Lease agreement for the lease of parcels of land in San Juan City where one of the Parent Company's projects is located. The lease agreement shall be for the period of 15 years commencing on June 1, 2017 renewable at the option of the lessor with lease payment subject to 5% escalation annually.

The rollforward analysis of the right-of-use assets (ROU) account follows:

	2022		
	Land	Leasehold Improvements	Total
Cost			
Beginning and end of year	**₱235,436,760**	**₱56,898,992**	**₱292,335,752**
Accumulated Depreciation and Amortization			
Beginning of year	**31,303,413**	**26,261,073**	**57,564,486**
Amortization (Note 20)	**10,434,471**	**26,261,073**	**36,695,544**
End of year	**41,737,884**	**52,522,146**	**94,260,030**
Net Book Values	**₱193,698,876**	**₱4,376,846**	**₱198,075,722**

	2021		
	Land	Leasehold Improvements	Total
Cost			
Beginning of year	₱235,436,760	₱63,496,609	₱298,933,369
Impact of lease modification:			
Derecognized cost	–	(63,496,609)	(63,496,609)
Cost after modification	–	56,898,992	56,898,992
End of year	235,436,760	56,898,992	292,335,752
Accumulated Depreciation and Amortization			
Beginning of year	20,868,942	30,478,372	51,347,314
Impact of lease modification	–	(30,478,372)	(30,478,372)
Amortization (Note 20)	10,434,471	26,261,073	36,695,544
End of year	31,303,413	26,261,073	57,564,486
Net Book Values	₱204,133,347	₱30,637,919	₱234,771,266

The following are the amounts recognized in consolidated statement of income for the years ended December 31:

	2022	2021	2020
Interest expense on lease liabilities (Note 18)	**₱40,397,474**	₱40,438,053	₱41,870,959
Amortization expense of right-of-use assets	**36,695,544**	36,695,544	25,673,657
	₱77,093,018	₱77,133,597	₱67,544,616

The rollforward analysis of lease liabilities as at and for the year ended December 31 follows:

	2022	2021
Beginning of year	**₱508,596,715**	₱494,039,657
Interest expense (Note 18)	**40,397,474**	40,438,053
Impact of lease contract modification	**–**	21,253,613
Rental payments/payable	**(84,679,342)**	(47,134,608)
End of year	**464,314,847**	508,596,715
Less current portion	**19,210,839**	43,796,733
Noncurrent portion	**₱462,393,008**	₱464,799,982

The Group has lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 2).

Shown below is the maturity analysis of the undiscounted lease payments:

	2022	2021
1 year	**₱28,545,378**	₱58,997,397
More than 1 year to 2 years	**24,542,101**	33,032,430
More than 2 years to 3 years	**25,769,206**	34,684,052
More than 3 years to 4 years	**27,057,666**	36,418,255
More than 5 years	**1,264,326,585**	1,373,506,006

28. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are cash and cash equivalents, payables to landowners and loans payable. The main purpose of these financial instruments is to finance the Group's operations. The Group has various financial assets and financial liabilities such as trade and other receivables, refundable deposits, trade and other payables and security deposits, which arise directly from its operations.

It is the Group's policy that no trading of financial instruments shall be undertaken. Management closely monitors the cash fund and financial transactions of the Group. Cash funds are normally deposited with banks considered as related parties, and financial transactions are normally dealt with related parties. These strategies, to an extent, mitigate the Group's interest rate and credit risks.

Exposure to credit, liquidity, interest rate and foreign currency risks arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are: (a) to identify and monitor such risks on an ongoing basis, (b) to minimize and mitigate such risks, and (c) to provide a degree of certainty about costs.

The BOD reviews and approves the policies for managing these risks which are described below.

Credit risk

Credit risk is the risk that the Group will incur a loss because its counterparties failed to discharge their contractual obligations. The Group's credit risks are primarily attributable to cash in banks and cash equivalents, contracts receivables and other financial assets.

Credit risk is managed primarily through analysis of receivables on a continuous basis. In addition, the credit risk for contracts receivables is mitigated as the Group has the right to cancel the sales contract without the risk for any court action and can take possession of the subject property in case of refusal by the buyer to pay on time the contracts receivables due. This risk is further mitigated because the corresponding title to the property sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

The carrying amount of cash in banks and cash equivalents, trade and other receivables, and refundable deposits represent the Group's maximum exposure to credit risk.

As of December 31, 2022 and 2021, the Group's maximum exposure to credit risk for the components of the consolidated statements of financial position follows:

	2022	2021
Financial assets at amortized cost		
Cash in banks and cash equivalents	**₱1,010,967,485**	₱2,176,418,473
Trade and other receivables:		
Contracts receivables	**488,911,190**	834,250,615
Receivable from buyers	**509,458,017**	529,680,629
Lease receivables	**558,566,831**	313,516,480
Receivables from related party	**25,000,000**	25,000,000
Receivable from tenants	**112,102,568**	61,156,189
Others*	**453,146,114**	408,327,809
Refundable deposits	**156,202,291**	141,216,872
	₱3,314,354,496	₱4,489,567,067

**Excluding advances to officers and employees amounting to ₱1.6 million and ₱1.1 million as of December 31, 2022 and 2021, respectively.*

Set out below is the information about the credit risk exposure on the Group's financial assets using a provision matrix.

December 31, 2022:

	Cash in banks and cash equivalents	Refundable deposits	Trade and other receivables						Totals
				Days past due					
			Current	<30 days	30-60 days	61-90 days	> 91 days		
Expected credit loss rate	**-%**	**.17% 4.8%**	**0.01 - 15.66%**	**0.03%- 39.47%**	**0.05%- 100.00%**	**0.09%- 100.00%**	**2.00%- 100.00%**		
Estimated total gross carrying amount at default	**₱1,167,976,657**	**₱162,327,911**	**₱1,793,016,438**	**₱25,613,340**	**₱13,164,747**	**₱11,559,177**	**₱305,789,326**		**₱3,473,321,976**
Expected credit loss	**₱–**	**₱6,125,620**	**₱3,777,726**	**₱3,180,095**	**₱2,265,390**	**₱1,761,632**	**₱235,128,701**		**₱252,239,164**

December 31, 2021:

	Cash in banks and cash equivalents	Refundable deposits	Trade and other receivables						Totals
				Days past due					
			Current	<30 days	30-60 days	61-90 days	> 91 days		
Expected credit loss rate	–%	27.00% - 100.00%	0.01 - 15.66%	0.03%- 39.47%	0.05%- 100.00%	0.09%- 100.00%	2.00%- 100.00%		
Estimated total gross carrying amount at default	₱2,176,418,473	₱141,216,872	₱1,982,936,799	₱28,326,363	₱14,559,187	₱12,783,551	₱338,179,226		₱4,694,420,471
Expected credit loss	₱–	₱5,965,873	₱2,900,982	₱2,442,051	₱1,739,633	₱1,352,788	₱180,559,469		₱194,960,796

Movement of the allowance for expected credit losses in 2022 and 2021 follow:

	2022	2021
Beginning balances	**₱194,960,796**	₱63,791,307
Provisions	**57,278,368**	131,792,762
Reversals	**–**	(623,273)
Ending balances	**₱252,239,164**	₱194,960,796

The Group is not exposed to concentration risk because it has a diverse base of counterparties.

Liquidity risk

Liquidity risk is defined as risk that the Group would not be able to settle or meet its obligations on time. The Group maintains sufficient cash in order to fund its operations.

In mitigating liquidity risk, management measures and forecasts its cash commitments, matches debt maturities with the assets being financed, maintains a diversity of funding sources with its unhampered access to bank financing and the capital markets and develops viable funding alternatives through its customers' deposits arising from the Group's pre-selling activities.

The tables below show the maturity profile of the Group's other financial liabilities (undiscounted amounts of principal and related interest) as well as the undiscounted cash flows from financial assets used for liquidity management.

As of December 31, 2022:

	On demand	Less than 1 year	More than 1 year	Total
Financial liabilities:				
Trade and other payables:				
Accounts payables*	**₱–**	**₱964,330,421**	**₱–**	**₱964,330,421**
Retentions payable	**–**	**485,527,964**	**–**	**485,527,964**
Accrued expenses	**–**	**1,359,952,142**	**–**	**1,359,952,142**
Lease liabilities**	**–**	**28,545,378**	**1,341,695,558**	**1,370,240,936**
Loans payable***	**–**	**1,425,235,575**	**3,595,231,335**	**5,020,466,910**
Payable to landowners	**–**	**–**	**1,061,190,858**	**1,061,190,858**
Security deposits****	**–**	**309,871,554**	**409,572,907**	**719,444,461**
	₱–	**₱3,930,371,437**	**₱2,812,459,323**	**₱10,016,823,271**
Financial assets:				
Cash and cash equivalents	**₱1,010,967,485**	**₱160,731,016**	**₱–**	**₱1,171,698,501**
Trade and other receivables**	**–**	**1,860,772,836**	**40,298,340**	**1,901,071,176**
	₱1,010,967,485	**₱2,021,503,852**	**₱40,298,340**	**₱4,084,379,538**

**Excluding payable to government agencies amounting to ₱7.5 million.*
***Excluding advances to officers and employees amounting to ₱1.6 million.*
****Including interest to maturity amounting to ₱373.83 million*
*****Including interest to maturity amounting to ₱33.90 million*

As of December 31, 2021:

	On demand	Less than 1 year	More than 1 year	Total
Financial liabilities:				
Trade and other payables:				
Accounts payables*	₱–	₱1,103,043,099	₱–	₱1,103,043,099
Retentions payable	–	613,124,045	–	613,124,045
Accrued expenses	–	1,434,971,776	–	1,434,971,776
Lease liabilities	–	132,324,351	1,404,313,789	1,536,638,140
Loans payable***	–	1,967,712,566	4,963,657,940	6,931,370,506
Payable to landowners	–	–	1,061,190,858	1,061,190,858
Security deposits****	–	291,007,937	384,639,911	675,647,848
	₱–	₱5,542,183,774	₱7,813,802,498	₱13,355,986,272
Financial assets:				
Cash and cash equivalents	₱1,000,943,453	₱1,178,164,910	₱–	₱2,179,108,363
Trade and other receivables**	–	1,894,422,752	88,514,047	1,982,936,799
	₱1,000,943,453	₱3,072,587,662	₱88,514,047	₱4,162,045,162

**Excluding payable to government agencies amounting to ₱6.0 million.*
***Excluding advances to officers and employees amounting to ₱1.1 million.*
****Including interest to maturity amounting to ₱764.4 million*
*****Including interest to maturity amounting to ₱13.8 million.*

Foreign currency risk
Foreign exchange risk is the risk on volatility of earnings or capital arising from changes in foreign exchange rates, mainly US Dollar to Peso exchange rate. The Group's exposure to foreign currency risk arises from US Dollar-denominated cash and cash equivalents.

The following table shows the Group's cash and cash equivalents denominated in US dollar and their peso equivalents as of December 31, 2022 and 2021.

	US Dollar Value	Peso Equivalent
2022	**$1,388,323**	**₱77,412,890**
2021	$1,373,565	₱69,735,895

The exchange rate used as of December 31, 2022 and 2021 were P55.76 to US$1.00 and P50.77 to US$1, respectively. The Group recognized net foreign exchange gain amounting to ₱6.8 million in 2022 and P4.1 million in 2021.

The table below represents the impact on the Group's income before income tax as a result of a reasonably possible change in US Dollar to Peso exchange rate with all other variables held constant as of December 31, 2022 and 2021. There is no impact on the Group's equity other than those already affecting the consolidated statements of income.

	Change in Dollar Foreign Exchange Rate	Effect on Income before Income Tax
2022	**(9.80%)**	**(₱7,586,463)**
	9.80%	**7,586,463**
2021	(5.73%)	(₱3,995,867)
	5.73%	3,995,867

Fair Value Information
Presented below is the comparison of the carrying values and fair values of the Group's financial assets and liabilities that are presented in the consolidated statements of financial position as of December 31, 2022 and 2021.

	2022		2021	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Cash on hand	**₱3,721,844**	**₱3,721,844**	₱2,689,890	₱2,689,890
Cash in banks and cash equivalents	**1,167,976,657**	**1,167,976,657**	2,176,418,473	2,176,418,473
Loans and receivables:				
Contracts receivables	**488,911,190**	**488,911,190**	834,250,615	834,250,615
Receivables from buyers	**509,458,017**	**509,458,017**	529,680,629	529,680,629
Lease receivables	**558,566,831**	**558,566,831**	124,521,557	124,521,557
Refundable deposits**	**156,202,291**	**156,202,291**	141,216,872	141,216,872
Receivable from related party	**25,000,000**	**25,000,000**	25,000,000	25,000,000
Receivables from tenants	**112,102,568**	**112,102,568**	61,156,189	61,156,189
Others*	**453,146,114**	**453,146,114**	408,327,809	408,327,809
	₱3,475,354,496	**₱3,473,321,978**	₱4,303,262,034	₱4,303,262,034

* Excluding advances to officers and employees amounting to ₱1.6 million and ₱1.1 million as of December 31, 2022 and 2021, respectively.
** Presented as part of "Other noncurrent assets" account.

Financial Liabilities				
Other financial liabilities:				
Trade and other payables:				
Accounts payable*	**₱964,336,394**	**₱971,853,086**	₱1,103,043,099	₱1,103,043,099
Retentions payable	**600,907,629**	**600,907,629**	613,124,045	613,124,045
Accrued expenses	**1,363,391,182**	**1,363,391,182**	1,434,971,776	1,434,971,776
Lease liabilities	**481,603,847**	**699,998,610**	508,596,715	739,232,038
Loans payable	**4,444,637,158**	**4,538,827,481**	6,136,366,887	6,266,408,183
Payables to landowners	**1,061,190,858**	**1,061,190,858**	1,061,190,858	1,061,190,858
Security deposits**	**671,599,899**	**670,694,044**	641,857,535	640,991,797
	₱9,587,666,967	**₱9,906,862,890**	₱11,499,150,915	₱11,858,961,796

* Excluding payable to government agencies amounting to ₱7.3 million and ₱6 million as of December 31, 2022 and 2021, respectively.
** Presented as part of "Deposits and other liabilities" and "Other noncurrent liabilities" accounts.

The following methods and assumptions are used to estimate the fair value of each class of financial and non-financial instruments:

Cash and cash equivalents, trade and other receivables, trade and other payables
The carrying values of cash and cash equivalents, trade and other receivables and trade and other payables, approximate their fair values due to the short-term nature of these financial instruments. The noncurrent portion of trade receivables is interest-bearing with interest rates that approximate market interest rates as of December 31, 2022 and 2021.

Refundable deposits
The carrying value of deposits is the best estimate of its fair value since the related contracts and agreements pertaining to these deposits have indeterminable terms.

Lease liabilities, loans payable, payables to landowners and security deposits
The fair values of loans payable, payables to landowners and security deposits are estimated using the discounted cash flow method based on the discounted value of future cash flows using the applicable risk-free rates for similar types of instruments. The discount rates used range from 1.96% to 8.53% and 2.53% to 6.00% as of December 31, 2022 and 2021, respectively. Management has determined the inputs to be Level 3.

The Group uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

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

In 2022 and 2021, there were no transfers between Levels 1 and 2 fair value measurements, and no transfers into and out of Level 3 measurements.

29. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating, complies with externally imposed capital requirements and maintain healthy capital ratios in order to support its business and maximize stockholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares. No changes were made in the objectives, policies or processes for the years ended December 31, 2021 and 2020. Accordingly, the Group is not subject to externally imposed capital requirements.

The table below summarizes the total capital considered by the Group:

	2022	2021
Capital stock	₱5,723,017,872	₱5,723,017,872
Additional paid-in capital	8,206,662,618	8,206,662,618
Retained earnings	5,513,491,905	5,229,670,297
Treasury shares	(7,955)	(7,955)
	₱19,223,722,970	₱19,159,342,832

30. Registration with Philippine Economic Zone Authority (PEZA)

The Group's projects namely, Eton Cyberpod Corinthian and Eton Centris, were registered with PEZA on August 27, 2008 and September 19, 2008, respectively, as non-pioneer "Ecozone developer/ operator". The locations are created and designated as Information Technology Park.

31. Contingencies

The Group has various contingent liabilities from legal cases arising from the normal course of business which are currently being contested by the Group. The outcomes of these cases are not currently determinable. Management and its legal counsel believe that the eventual liability from these legal cases, if any, will not have a material effect on the consolidated financial statements.

32. Notes to Consolidated Statements of Cash Flows

The principal non-cash investing and financing activities of the Group follow:

- Borrowing costs capitalized as cost of investment properties in 2022, 2021 and 2020 amounted to nil, ₱131.0 million and ₱160.4 million, respectively (see Note 9).
- Non-cash financing activity of the Group pertains to the amortization of debt issue costs amounting to P14.2 million, P10.6 million, P14.9 million in 2022, 2021 and 2020, respectively (see Note 14).
- Reconciliation of the movements of liabilities arising from financing activities are as follows:

	2022				
	Loans Payable	Payables to Landowners	Lease Liabilities	Accrued Interest	Total
Beginning balances	₱6,136,366,887	₱1,061,190,858	₱508,596,715	₱153,444,216	₱7,859,598,676
Cash movements:					
Payment of:					
Loans	(1,705,889,789)	–	–	–	(1,705,889,789)
Lease liabilities	–	–	(26,992,868)	–	(26,992,868)
Interest	–	–	(40,397,474)	(266,231,610)	(306,629,084)
Non-cash movement:					
Amortization of debt issue costs	14,160,060	–	–	–	14,160,060
Interest incurred	–	–	40,397,474	268,824,897	309,222,371
Ending balances	₱4,444,637,158	₱1,061,190,858	₱481,603,847	₱172,180,009	₱6,159,611,872

	2021				
	Loans Payable	Payables to Landowners	Lease Liabilities	Accrued Interest	Total
Beginning balances	₱6,091,735,934	₱1,061,190,858	₱494,039,657	₱163,407,123	₱7,810,373,572
Cash movements:					
Availment of loans	1,700,000,000	–	–	–	1,700,000,000
Payment of:					
Loans	(1,645,930,000)	–	–	–	(1,645,930,000)
Lease liabilities	–	–	(6,696,555)	–	(6,696,555)
Interest	–	–	(40,438,053)	(333,518,754)	(373,956,807)
Debt issue costs	(12,750,000)	–	–	–	(12,750,000)
Non-cash movement:					
Amortization of debt issue costs	10,646,764	–	–	–	10,646,764
Gain on contract modification	(7,335,811)	–	–	–	(7,335,811)
Impact of lease modification	–	–	21,253,613	–	21,253,613
Interest incurred	–	–	40,438,053	323,555,847	363,993,900
Ending balances	₱6,136,366,887	₱1,061,190,858	₱508,596,715	₱153,444,216	₱7,859,598,676

	2020				
	Loans Payable	Payables to Landowners	Lease Liabilities	Accrued Interest	Total
Beginning balances	₱6,265,699,317	₱1,828,949,047	₱498,680,482	₱122,956,763	₱8,716,285,609
Cash movements:					
Availment of loans	1,800,000,000	–	–	–	1,800,000,000
Payment of:					
Loans	(1,975,400,000)	(767,758,189)	–	–	(2,743,158,189)
Lease liabilities	–	–	(4,640,825)	–	(4,640,825)
Interest	–	–	(41,870,959)	(335,811,825)	(377,682,784)
Debt issue costs	(13,500,000)	–	–	–	(13,500,000)
Non-cash movement:					
Amortization of debt issue costs	14,936,617	–	–	–	14,936,617
Interest incurred	–	–	41,870,959	376,262,185	418,133,144
Ending balances	₱6,091,735,934	₱1,061,190,858	₱494,039,657	₱163,407,123	₱7,810,373,572

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Eton Properties Philippines, Inc.
8/F Allied Bank Center, 6754 Ayala Avenue
Makati City, Metro Manila, Philippines

We have audited the accompanying consolidated financial statements of Eton Properties Philippines, Inc., as at December 31, 2022 and for the year then ended, on which we have rendered the attached report dated March 31, 2023.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the above company has 1,668 stockholders owning 100 or more shares each.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109712-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-109-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9369789, January 3, 2023, Makati City

March 31, 2023

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Eton Properties Philippines, Inc.
8/F Allied Bank Center, 6754 Ayala Avenue
Makati City, Metro Manila, Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Eton Properties Philippines, Inc. as at December 31, 2022 and 2021 and for each of the three years then ended December 31, 2022, included in this Form 17-A, and have issued our report thereon dated March 31, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole, are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the consolidated financial statements.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109712-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-109-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9369789, January 3, 2023, Makati City

March 31, 2023

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2022

Supplementary schedule required by Revised Securities Regulation Code Rule 68:

- Reconciliation of retained earnings available for dividend declaration
- Financial soundness indicators

Schedule of Form 17-A

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2022

Retained earnings as at January 1, 2022	₱5,262,790,955
Deferred income tax asset as at January 1, 2022	209,337,504
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AS AT JANUARY 1, 2022	**5,053,453,451**
Net income during the period closed to Retained Earnings	120,571,509
Less: Non-actual/unrealized income net of tax - Movement in deferred tax asset	(31,626,373)
NET INCOME ACTUALLY EARNED/REALIZED DURING THE PERIOD	**88,945,136**
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AS AT DECEMBER 31, 2022	**₱5,142,398,587**

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2022

Ratio	Formula	2022	2021
Current ratio	Current assets / Current liabilities	**1.28**	1.49
Acid test ratio	Quick assets[1] / Current liabilities	**0.45**	0.63
Solvency ratio	EBITDA / Total average debt[2]	**0.09**	0.19
Debt-to-equity ratio	Total liabilities / Total equity	**0.37**	0.68
Asset-to-equity ratio	Total assets / Total equity	**1.58**	1.68
Interest rate coverage ratio	EBITDA / Interest expense	**4.01**	5.21
Return on equity	Net income / Total average equity	**0.01**	0.03
Return on assets	Net income / Total average assets	**0.01**	0.02
Net profit margin	Net income / Revenue	**0.12**	0.28

[1]*Total current assets excluding real estate inventories and other current assets*
[2]*Current and noncurrent portion of long-term debt and payable to landowners*

COVER SHEET
for
SEC FORM 17-A

SEC Registration Number: 4 3 7 9 8

COMPANY NAME

E T O N P R O P E R T I E S P H I L I P P I N E S ,
I N C . A N D S U B S I D I A R I E S

PRINCIPAL OFFICE (*No. / Street / Barangay / City / Town / Province*)

8 t h F l o o r A l l i e d B a n k C e n t e r ,
6 7 5 4 A y a l a A v e n u e , M a k a t i C i t y
M e t r o M a n i l a , P h i l i p p i n e s

Form Type	Department requiring the report	Secondary License Type, If Applicable
1 7 - A	N A	N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	(632) 8548-4000	N/A
No. of Stockholders	**Annual Meeting (Month / Day)**	**Fiscal Year (Month / Day)**
1,668	May 31	December/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Basilio C. Pelaez Jr.	EPPI_SEC_Mailbox@eton.com.ph	(632) 8548-4000	N/A

CONTACT PERSON's ADDRESS

8th Floor, Allied Bank Center, 6754 Ayala Avenue, Makati City

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SEC Number 43798
File Number ________

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, 2022

Period Ended Date

TABLE OF CONTENTS

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, 2022**

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 [x] 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 P3,953.17 million, the property was acquired in exchange for 1.6 billion new shares of the Company at a price of P2.50 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 P4billion 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. (now Eton Hotels & Leisure, Inc. or "EHLI"), 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 (P2.66) per share for a total of Five Billion Four Hundred Ninety Nine Million Nine Hundred Ninety Nine Thousand Nine Hundred Ninety Seven Pesos (P5,499,999,997).

In 2015, the Commission approved the Company's increase of its Authorized Capital Stock from Five Billion Pesos (P5,000,000,000.00) divided into Five Billion (5,000,000,000) common shares with par value of One Peso (P1.00) per share to Eight Billion Pesos (P8,000,000,000.00) divided into Eight Billion (8,000,000,000) common shares with par value of One Peso (P1.00) 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) scripless 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, hotels and service apartments.

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, manages and 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 single level 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 (6^{th}-12^{th}) 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 high-rise development for office spaces and serviced residences that answer to the growing demand for pulsating and vigorous mixed-use estates. Located within the mixed-use complex of Eton WestEnd Square, it is surrounded by several transport options that makes accessibility its top selling point

b. **NXTower** is a 30-storey mixed-use office and commercial building which will rise within the Ortigas CBD area along Emerald Avenue and Ruby Road. With 21,000 square meters of gross leasable area, it offers flexible working spaces to meet the evolving needs of modern businesses.

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 panaromic 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.

Product line/Business Lines (with 10% or more contribution to 2022 consolidated revenues):

Lease Income from Commercial Centers, Office Buildings and Residential	81.25%
Rooms and other operated department	8.28%
Residential Projects	10.47%

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.

EHLI 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	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	a. The Makati of the South b. Eton Emerald Lofts
2011	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 m. Aurora Heights Residences n. West Wing Residences o. One Archers Place p. 68 Roces
2012	a. West Wing Tropics b. One Centris Place
2016	a. The Mini Suites b. Eton WestEnd Square
2017	a. Station Alley at Centris b. Arcada c. Eton Nexus Tower d. NXTower e. Eton "NXT" Tower f. The Courtyard at Eton City
2018	Marks applied for in 2018 which were issued Notice of Allowance, thus, considered registered marks: 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
b. Centris Elements
c. Cyberpod Centris
d. Cyberpod Centris One
e. Cyberpod Centris Two
f. Cyberpod Centris Three
g. Cyberpod Centris Five
h. Eton Cyberpod Corinthian
i. Elements at Centris
j. Cyberpod One
k. Cyberpod Two
l. Cyberpod Three
m. Cyberpod Five
n. Eton Centris with different graphical representations
o. Centris Walk with different graphical representation
p. Centris Station with different graphical representation
q. Eton City with different graphical representation

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 247 and 381 employees at the close of the calendar year December 31, 2022 and 2021, respectively. The breakdown of the Company employees as of December 31, 2022, according to type is as follows:

Executive	15
Managers	68
Officers	58
Supervisors	27
Rank and File	79
Total	247

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 and Information Security 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 information while ensuring strict measures to enhance cybersecurity and in compliance with Data Privacy Act of 2012 (Republic Act 10173) and its related regulations on data privacy and security. 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
Buildings	*Eton Centris, Quezon Ave., Cor. EDSA, Diliman, Quezon City;* *Eton Cyberpod Corinthian, Ortigas Ctr., Pasig City (land under lease agreement)* *WestEnd Square, Yakal St., cor. Malugay St., Makati City* *Eton Square Ortigas, Ortigas Avenue, San Juan City*
Office condominium unit	*6th Floor, Sagittarius Condominium, H. V. dela Costa Street, Salcedo Village, Makati City*
Description	Location
Residential unit	*Ocean Villa, Ternate, Cavite*
Land	*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*

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 various lease agreements as follows:

a. Lease agreements with third parties for the lease of parcels of land in Ortigas Avenue, Quezon City where one of the Parent Company's projects is located. The lease agreement shall be for the period of 20 years which commenced on January 1, 2011 renewable for another 20 years at the option of the lessee, the Parent Company, with lease payment subject to 5% escalation annually.

b. Lease agreement for the lease of parcels of land in San Juan City where one of the Parent Company's projects is located. The lease agreement shall be for the period of 15 years commencing on June 1, 2017 renewable at the option of the lessor with lease payment subject to 5% escalation annually.

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

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

BELTON COMMUNITIES, INC.	
NBC Manors	*Quirino Highway, Quezon City*
West Wing Residences @ Eton City	*Eton City, Sta. Rosa, Laguna*
West Wing Residences @ NBC	*Quirino Highway, Quezon City*
West Wing Villas @ NBC	*Quirino Highway, Quezon City*

ETON CITY INC.	
South Lake Village	*Sta. Rosa, Laguna*
Riverbend	*Sta. Rosa, Laguna*
Tierrabela	*Sta. Rosa, Laguna*
Village Walk	*Sta. Rosa, Laguna*
Land	*Sta. Rosa, Laguna*

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.

The Company entered into a renewable cancellable lease agreement with PNB, which generally provides for a fixed monthly rent for the Group's office spaces. In 2021, PNB assigned all the rights and interests in the lease agreement to PNB Holdings Corporation. In the same year, the

Group and PNB Holdings Corporation executed a lease agreement to increase the lease payments beginning 2021.

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

None

ITEM 3 – LEGAL PROCEEDINGS

The Company does not have any pending legal proceeding as of calendar year 2022.

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

The significant matters submitted to a vote of security holders in 2022 are as follows:

1. The Minutes of the Shareholders' Meeting held on April 21, 2021 were approved;
2. The Management Report and the Company's Financial Statements for the year ended December 31, 2021 were approved;
3. The President's Report for the year 2021 was discussed;
4. All the acts and resolutions of the Board of Directors and Management for the year 2021 were confirmed and ratified;
5. The election of the Board of Directors.
6. The Amendment of the Amended By-Laws to change the date of the Annual Stockholders' Meeting was approved.

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 it shares in the Exchange in 2012 and the delisting became effective on January 2, 2013.

2. Holders

The registrant has approximately 1,668 stockholders as of December 31, 2022 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, 2022 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)**	54,387,683	0.9503322236
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:	5,714,136,932	99.8448206838

** including 52,144,998 scripless 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 2022

a) Result of Operations

The Company' 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 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, 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, 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 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	3.79%
2. Receivables	6.03%
3. Real Estate project in progress	13.18%
4. Other Current Assets	4.91%
5. Investment properties	67.89%
6. Accounts payable and other current liabilities	11.07%
7. Customers Deposits	3.00%
6. Loans Payable	14.38%
7. Equity	63.37%

Results of the horizontal analyses showed the following:

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 — 36.00%
   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 — -38.62%
   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' 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:

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

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	6.73%
2. Receivables	6.13%
3. Real Estate project in progress	12.84%
4. Investment properties	65.75%
5. Accounts payable and other current liabilities	10.73%
6. Loans Payable	18.95%
7. Equity	59.36%

Results of the horizontal analyses showed the following:

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 — -23.75%
   The decrease primarily pertained to the recoupment of advances to contractors against contractors' progress billings during the year

8. Current portion of deposits and other liabilities — 38.52%
   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 — 381572%4
   The decrease primarily represents the timing difference between tax and book basis of accounting for real estate and leasing transactions.

10. Other noncurrent liabilities — 38-572%
   The decrease primarily pertains to the recognition as lease revenue of the deferred rental income in prior year

ANALYSIS OF PRIOR YEAR OPERATIONS AND FINANCIAL CONDITION:

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:

1. *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 decrease was mainly due to lower sales revenues.

2. *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.

3. *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.

4. *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.

5. *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.

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. Receivables	7.27%
2. Real Estate project in progress	13.02%
3. Other current assets	5.04%
4. Investment properties	65.62%
5. Accounts payable and other current liabilities	10.90%
6. Loans Payable	19.14%
7. Equity	58.58%

Results of the horizontal analyses showed the following:

1. Cash and cash equivalents The decrease was attributed to the prepayment of loan with BPI amounting to P1.2 billion.	-39.44%
2. Receivables The increase was mainly due to certain receivables that were subjected to deferment in compliance with the Bayanihan Act 1 and 2, and DTI Rules on rental collection.	44.57%
3. Real estate inventory The decrease was mainly due to cost recognized on sold units.	-5.05%
4. Other non-current assets The decrease was mainly due to the decrease in the non-current portion of advances to contractors.	-16.95%
5. Property and equipment The decrease was mainly due to the depreciation recognized during the year.	-7.67%
6. Right of use asset The increase 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%

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, 2022 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 21, 2022 to hold office until the next succeeding annual meeting and until their respective successors have been elected and shall have qualified.

Name	Age	Citizenship	Position/Term of Office/Period Served	Business Experience/ Other Directorships for the Last Five Years
Lucio C. Tan	88	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. Eton Hotels & Leisure, Inc. (formerly, FirstHomes, Inc.), Allianz PNB Life Insurance, Inc., PNB Holdings Corporation and Basic Holdings Corp., Director of Philippine National Bank
Carmen K. Tan	82	Filipino	Director	Vice Chairman of Philippine Airlines, Inc. and LT Group, Inc.; Director of Air Philippines Corporation, Asia Brewery, Inc., Buona Sorte Holdings, Inc., Foremost Farms, Inc., Dynamic Holdings, Ltd, Eton City, Inc., Fortune Tobacco Corporation, Himmel Industries, Inc., MacroAsia Corporation, PAL Holdings, Inc., Philippine National Bank, PMFTC Inc., Progressive Farms, Inc., Tanduay Distillers, Inc., Manufacturing Services and Trade Corporation, Sipalay Trading Corporation, Saturn Holdings, Inc., Tangent Holdings Corporation, Trustmark Holdings Corporation and Zuma Holdings and Management Corporation.

Name	Age	Citizenship	Position/Term of Office/Period Served	Business Experience/ Other Directorships for the Last Five Years
Kyle Ellis C. Tan	27	Filipino	Director/21 April 2021 to present	Director of Maranaw Hotels & Resort Corp., PNB Global Remittance and Financial Co. (HK) Ltd., Allied Club, Inc., Grandspan Development Corporation, Victorias Milling Company Inc.; Director and COO of Himmel Industries, Incorporated, and Manufacturing Services & Trade Corporation; Director and Treasurer of Macroasia Corporation; Director and Vice-Chairman of Pan Asia Securities Corporation; Executive Vice-President of Tanduay Distillers, Inc.; Vice-President of Kilter Realty & Development Corporation.
Juanita T. Tan Lee	80	Filipino	Director / 1 year/ 21 February 2007 to present	Director of Asia Brewery, Inc., Eton Properties Philippines, Inc., and Tanduay Distillers, Inc.; Director and Corporate Secretary of Fortune Tobacco Corporation, Corporate Secretary of Absolut Distillers, Inc., Asian Alcohol Corporation, The Charter House, Inc., Foremost Farms, Inc., Grandspan Development Corporation, Himmel Industries, Inc., Landcom Realty Corporation, PMFTC Inc., Progressive Farms, Inc. and Total Bulk Corporation; Assistant Corporate Secretary of Basic Holdings Corporation; Treasurer of PAL Holdings, Inc. and Philippine Airlines, Inc., and a member of the Board of Trustees of the University of the East.
Vivienne K. Tan	54	Filipino	Director/ 1 year/ 4 May 2018 to present	Director of Philippine National Bank and LT Group, Inc.; Board of Trustee of University of the East and University of the East Ramon Magsaysay Memorial Medical Center; Founding Chairperson of Entrepreneurs School of Asia; Founding Trustee of Philippine Center for Entrepreneurship (Go Negosyo), Phils.

Name	Age	Citizenship	Position/Term of Office/Period Served	Business Experience/ Other Directorships for the Last Five Years
Cirilo P. Noel	67	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.
Wilfrido E. Sanchez	86	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 of 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., Adventure International Tours, Inc., Gokongwei Brothers Foundation, Petnet, Inc., Transnational Plans, Inc., Asiabest Group International Inc. and Trimotors Technology Corp.

Name	Age	Citizenship	Position/Term of Office/Period Served	Business Experience/ Other Directorships for the Last Five Years
Ramon S. Pascual	63	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., Eton Hotels & Leisure, Inc. (formerly, FirstHomes, Inc.); Director, Chairman and President of Eton Properties Management Corporation; Director of Beijing Longfast and PNB Holdings Corporation; and Senior Executive of Eton Properties Limited in Hong Kong
Karlu T. Say	53	Filipino	Director/OIC-HR Head/1 year/ 9 October 2017 to present; Chief Operating Officer on 19 November 2019 to 24 January 2022	Founder and Director of Dong-A Pharma Phils., Inc.; Director of Eton Properties Management Corporation; Director of Alliedbankers Insurance Corporation; Director and President of PNB Holdings Corporation
Mary G. Ng	70	Filipino	Independent Director / 1 year / 29 June 2020 to present	Chief Executive Officer of H&E Group of Companies; 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; Chairman of the ASEAN Federation of Plastic Industries (AFPI); Executive Vice-President of Federation of Filipino-Chinese Chamber of Commerce and Industries; Tripartite Board Member of the Department of Labor and Employment and Tripartite Member of National Tripartite Council; Board member of the Technical Educational and Skills Development Authority (TESDA); Vice-President of Philippine Piak O Eng Chamber of Commerce and Philippine Piak O Eng Uy's Association; Director of Philippine Dongshi Townmate Association, Inc.; Independent Director of LT Group, Inc. and ABIC Insurance

Name	Age	Citizenship	Position/Term of Office/Period Served	Business Experience/ Other Directorships for the Last Five Years
Elaine Y. Co	54	Filipino	Independent Director/April 2022 to present	Independent Director for PNB Holdings Corporation

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

Mr. Wilfrido E. Sanchez, Ms. Elaine Co and Ms. Mary Ng are the Company's incumbent independent directors. Except for Mr. Wilfrido E. Sanchez, who is nominated as a regular Director, both Ms. Co and Ms. Ng were nominated as independent directors, together with Mr. Arnel Paciano Casanova, for the ensuing year and their nomination was approved by the Nomination and Remuneration Committee (Committee). They were nominated by Mr. Lucio C. Tan and Ms. Vivienne K. Tan, respectively; both are stockholders of the Company. Neither Mr. Lucio C. Tan and Ms. Vivienne K. Tan are related to any of the Independent Directors.

Pursuant to Article III, Section 6 of the Company's By-laws, in relation to Rule 38 of the Securities Regulation Code, 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 22 March 2023, the Nomination and Remuneration Committee approved the following nominees for election to the Board of Directors in the forthcoming Annual Shareholders' Meeting:

1. Lucio C. Tan
2. Carmen K. Tan
3. Cirilo P. Noel
4. Karlu T. Say
5. Kyle Ellis C. Tan
6. Vivienne K. Tan
7. Lucio C. Tan III
8. Wilfrido E. Sanchez
9. Elaine Y. Co – independent director
10. Mary G. Ng – independent director
11. Arnel Paciano Casanova – independent director

Except for Messrs. Lucio C. Tan III and Casanova, 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 9 to 13 hereof.

Ms. Ng has been the Company's independent director since 2020 while Ms. Co has served as such since last year, 2022.

In its meeting last 22 March 2022 the Nomination and Remuneration Committee approved the re-nomination of Ms. Co, Ms. Ng and the nomination of Mr. Casanova 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 Circular No. 4 series of 2017, regarding the term limits for independent directors.

The Nomination and Remuneration Committee is composed of Dr. Lucio C. Tan as Chairman with Ms. Vivienne K. Tan, Mr. Wilfrido E. Sanchez, Ms. Mary G. Ng and Ms. Elaine Co as members thereof.

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

In addition, Mr. Lucio C. Tan is the husband of Ms. Carmen K. Tan and the father of Ms. Karlu T. Say and Ms. Vivienne K. Tan. Further, Mr. Lucio C. Tan is the grandfather of Messrs. Lucio C. Tan III and Kyle Ellis C. Tan.

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, 2022. For 2023, 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: 1. Ramon S. Pascual – President 2. John Paul De Jesus – General Manager 3. Gerardo I. Mauricio – VP for IT & SAP 4. Mae Anne Hugo – VP Chief Audit Executive 5. Marie Noellie T. Dela Rosa – AVP Leasing	2023 (estimate)	13,761,310	1,084,451	-
Five (5) most highly compensated Executive Officers: 1. Ramon S. Pascual – President 2. John Paul De Jesus – General Manager 3. Gerardo I. Mauricio – VP for IT & SAP 4. Mae Anne Hugo – VP Chief Audit Executive 5. Ma. Noellie T. Dela Rosa – AVP Leasing	2022	17,964,816	1,340,551	-
Five (5) most highly compensated Executive Officers: 6. Ramon S. Pascual – President 7. Carlos B. Carlos – Executive VP 8. Wilfredo M. Pielago – VP Controller 9. Gerardo I. Mauricio – VP for IT & SAP 10. Ma. Noellie T. Dela Rosa – AVP Leasing	2021	17,751,370	1,880,834	-
All other Officers and Directors as a group unnamed	2023 (estimate)	4,183,632	329,688	900,000
	2022	3,438,723	312,476	1,086,000
	2021	20,188,304	1,738,838	1,083,000

**Others – includes per diem of Directors*

In compliance with Sections 29 and 49 of the Revised Corporation Code on the compensation of each director, Directors of the Company actually received compensation stated below for the year ended 31 December 2022. For 2023, the Directors of the Corporation are expected to receive the same as the previous year:

Name of Directors	Year	Salary	Bonus	Other Annual Position Compensation**
Lucio C. Tan	2023 (estimate)	-	-	180,000
	2022	-	-	225,000
	2021	-	-	240,000
Carmen Tan	2023 (estimate)	-	-	180,000
	2022	-	-	150,000
	2021	-	-	-
Kyle Tan	2023 (estimate)	-	-	180,000
	2022	-	-	150,000
	2021	-	-	-
Juanita T. Tan Lee	2023 (estimate)	-	-	252,000
	2022	-	-	210,000
	2021	-	-	252,000
Vivienne K. Tan	2023 (estimate)	-	-	252,000
	2022	-	-	216,000
	2021	-	-	252,000
Wilfrido E. Sanchez	2023 (estimate)	-	-	252,000
	2022	-	-	216,000
	2021	-	-	258,000
Karlu T. Say	2023 (estimate)	-	-	180,000
	2022	-	-	225,000
	2021	-	-	240,000
Ramon S. Pascual	2023 (estimate)	-	-	180,000
	2022	-	-	225,000
	2021	-	-	240,000
Cirilo P. Noel	2023 (estimate)	-	-	252,000
	2022	-	-	216,000
	2021	-	-	258,000
Mary G. Ng*	2023 (estimate)	-	-	252,000
	2022	-	-	216,000
	2021	-	-	258,000

** Elected in 2020*
*** Represents allowance/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.

The total yearly compensation of directors does not exceed ten (10%) percent of the net income before income tax of the Company during the preceding 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 scripless 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, 2022

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage Held	Nature of Beneficial Ownership
Common	Lucio C. Tan	2,000 (R)*	Filipino	0.000%	Indirect
Common	Harry C. Tan	2,000 (R)**	Filipino	0.000%	Indirect
Common	Juanita T. Tan Lee	5,000 (R)***	Filipino	0.000%	Indirect
Common	Vivienne K. Tan	100 (R)****	Filipino	0.000%	Indirect
Common	Wilfrido E. Sanchez	2,000 (R)****	Filipino	0.000%	Indirect
Common	Karlu T. Say	250 (R)	Filipino	0.000%	Direct
Common	Ramon S. Pascual	250 (R)	Filipino	0.000%	Direct
Common	Johnip G. Cua	100 (R)****	Filipino	0.000%	Indirect
Common	Cirilo P. Noel	100 (R)	Filipino	0.000%	Direct
Common	Mary G. Ng	100 (R)	Filipino	0.000%	Direct
Common	Elaine Y. Co	100 (R)	Filipino	0.000%	Direct

**Mr. Lucio C. Tan is the ultimate beneficial owner of Paramount Landequities, Inc. and Saturn Holdings, Inc. which owns 99.61% of the Company.*

***Mr. Harry C. Tan owns 3,300 shares of LTGI which owns Paramount Landequities, Inc. and Saturn Holdings, Inc., the controlling stockholders of the Company equivalent to minimal indirect ownership in the Company.*

****Ms. Juanita T. Tan Lee owns 1,100 shares of LTGI equivalent to minimal indirect ownership in the Company.*

*****Ms. Vivienne K. Tan, Mr. Wilfrido E. Sanchez, and Mr. Johnip G. Cua each own 1,000 shares of LTGI equivalent to minimal indirect ownership in the Company.*

Except as stated above, none of the members of Management has disclosed any other shares beneficially/indirectly owned.

c. Foreign Ownership as of December 31, 2022

Nationality	Title of Class	Amount and Nature of Ownership	Percentage Held
Filipino	Common	5,722,726,297*	99.99%
Foreign	Common	291,575	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, purchase of land and long-term loan
2.) Grandspan Development Corporation	Affiliate	Supply of materials
3.) Basic Holdings Corporation	Affiliate	General management company
4.) Asia Brewery Inc.	Affiliate	Purchase of land
5.) Profound Holdings Inc.	Affiliate	Purchase of land
6.) Total Holdings Corp.	Affiliate	Purchase of land
7.) Paramount Landequities, Inc.	Affiliate	Purchase of land
8.) PNB Holdings Corporation	Affiliate	Service agreement, lease of office space

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 – 2022 and 2021 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 2022 TO DECEMBER 2022

Date of Report	Subject Matter Disclosed
	None

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:

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)

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, 2022 and 2021.

c.) Tax Fees

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

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 APR 17 2023.

By:

Lucio C. Tan Chairman	**Ramon S. Pascual** President
Atty. Michael Leslie D. Delos Reyes Corporate Secretary	**Basilio C. Pelaez, Jr.** Chief Finance Officer
Rita C. Reboso Principal Accounting Officer	

APR 17 2023

SUBSCRIBED AND SWORN to before me this ___ day of ______ 2023, 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 / P-9398869A	November 4, 2018/PCG Hong Kong
Basilio C. Pelaez, Jr.	120-533-120 / 03-8967745-5	
Atty. Michael Leslie D. Delos Reyes	904-599-991 IBP 43024	
Rita C. Reboso	192-228-772 / 0033-4552773-7	

Doc. No. 318
Page No. 64
Book No. X
Series of 2023

ATTY. MILAGROS B. SALVADOR-UMADHAY
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-312 UNTIL DECEMBER 31, 2024

Exhibit 2

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

SUPPLEMENTARY SCHEDULES

**Not applicable*

Schedule A. Financial Assets
As of December 31, 2021

	Amount shown in the balance sheet	Fair value at end of reporting period	Income received and accrued
Cash and cash equivalents	₱1,171,698,501	₱1,171,698,501	₱11,575,760
Trade and other receivables	1,903,092,207	1,903,092,207	–
Deposits in escrow accounts	1,942,955	1,942,955	–
Refundable deposits	156,202,291	156,202,291	–
	₱3,232,935,954	₱3,232,935,954	₱11,575,760

Note:

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

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other related parties)
As of December 31, 2022

- 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 Consolida

Name and Designation of Debtor	Beginning Balance	Movement	Ending Balance
BELTON COMMUNITIES, INC.	P2,123,613	(P2,123,613)	P–
ETON CITY, INC.	710,134,191	(4,198,861)	705,935,330
ETON HOTELS & LEISURE, INC.	51,751,016	1,101,956	52,852,972
EPMC	9,218,560	(9,218,560)	–
	P773,227,380	P14,439,078	P758,788,302

**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	P8,174,010	P4,340,253	(P7,095,301)	–	P–	P5,418,962

**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 related balance sheet*	Amount shown under caption "non-current portion of long-term debt" in related balance sheet*	Interest Rate	Number of Period Installment	Maturity Date
PNB	Term Loan	P4,490,000,000	P1,189,268,419	P–	4.75%	20	5/31/2023
AUB	Term Loan	1,500,000,000	374,777,824	–	5.00%	16	9/28/2023
BPI	Term Loan	3,500,000,000	494,886,988	2,385,703,392	5.00%	28	7/31/2028
		P7,790,000,000	P2,058,933,231	P2,385,703,392			

** Net of unamortized transaction costs.*

Schedule F. Indebtedness to Related Parties

	Balance at beginning of period	Balance at end of period
Philippine National Bank*	₱2,012,513,355	₱1,189,268,419
PNB Holdings Corporation	40,966,047	5,374,482
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 Corp.	–	17,460,000
PNB Holdings Corp.	–	21,115,832
Grandspan Development Corp.	641,898	641,898
	₱2,203,486,230	₱1,383,225,561

**Amount includes outstanding balance of Loans Payable net of unamortized transaction costs and lease liabilities.*

Schedule H. Capital Stock

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding shown under related Balance Sheet Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares held by Related Parties	Directors, Officers and Employees
Common Stock:	8,000,000,000	5,723,017,872*	–	5,701,364,603	12,000
Paramount Landequities				3,255,355,524**	–
Saturn Holdings, Inc.				2,446,009,079	
Lucio C. Tan					2,000
Karlu T. Say					250
Ramon Pascual					250
Juanita Tan Lee					5,000
Vivienne K. Tan					100
Wilfrido E. Sanchez					2,000
Cirilo P. Noel					100
Johnip G. Cua					100
Mary G. Ng					100
Harry C. Tan					2,000
Elaine Y. Co					100

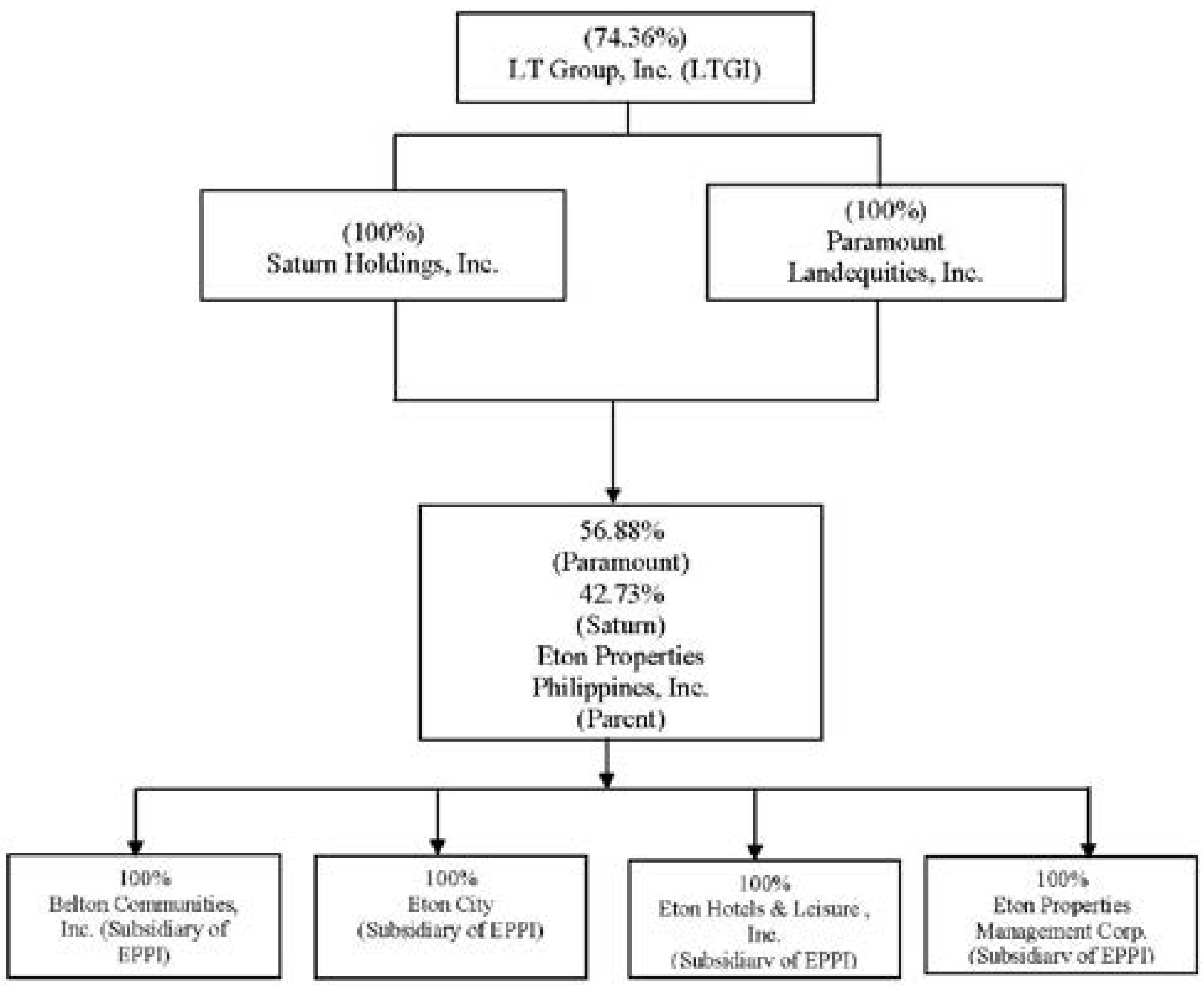
** This is inclusive of 10,000 Treasury Shares*
*** This is inclusive of 52,144,998 scripless shares acquired by Paramount Landequities, Inc. from the public during the Tender Offer conducted last December 2012. These shares are lodged under PCD Nominee Corp.*

SCHEDULE I - RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION DECEMBER 31, 2022

Retained earnings as at January 1, 2022	₱5,262,790,955
Deferred income tax asset as at January 1, 2022	209,337,504
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AS AT JANUARY 1, 2022	**5,053,453,451**
Net income during the period closed to Retained Earnings	120,571,509
Less: Non-actual/unrealized income net of tax - Movement in deferred tax asset	(31,626,373)
NET INCOME ACTUALLY EARNED/REALIZED DURING THE PERIOD	**88,945,136**
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AS AT DECEMBER 31, 2022	**₱5,142,398,587-**

Schedule J

ETON PROPERTIES PHILIPPINES, INC.
CORPORATE STRUCTURE
As of December 31, 2022



Schedule K

			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	

ETON

Eton Properties Philippines, Inc.