

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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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

A	C	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	A
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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)
1,671	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
Ma. Celeste C. Mutuc	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.



SEC eFast Initial Acceptance

noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>

Mon 4/15/2024 12:36 PM

[CAUTION: This email originated from outside the Eton Properties Philippines, Inc organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.]

Greetings!

SEC Registration No: 0000043798

Company Name: ETON PROPERTIES PHILIPPINES, INC.

Document Code: AFS

This serves as temporary receipt of your submission.
Subject to verification of form and quality of files of the submitted report.
Another email will be sent as proof of review and acceptance.

Thank you.

REMINDER:

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Please strictly follow the instruction stated in the form.

Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer.

1. General Information Sheet (GIS-Stock)
2. General Information Sheet (GIS-Non-stock)
3. General Information Sheet (GIS- Foreign stock & non-stock)
4. Broker Dealer Financial Statements (BDFS)
5. Financing Company Financial Statements (FCFS)
6. Investment Houses Financial Statements (IHFS)
7. Publicly – Held Company Financial Statement
8. General Form for Financial Statements
9. Financing Companies Interim Financial Statements (FCIF)
10. Lending Companies Interim Financial Statements (LCIF)

Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFast, if the filed report is compliant with the existing requirements.

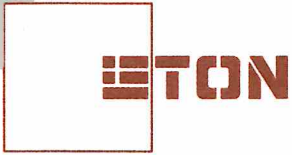
A report, which was reverted or rejected, is considered not filed or not received. A notification will be

sent to the filer, stating the reason for the reports rejection in the remarks box.

SECURITIES AND EXCHANGE COMMISSION

SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

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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, 2023 and 2022, 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.

A handwritten signature in black ink, appearing to read "Lucio C. Tan", is written above a horizontal line.

Lucio C. Tan
Chairman

A handwritten signature in blue ink, appearing to read "Kyle Ellis C. Tan", is written above a horizontal line.

Kyle Ellis C. Tan
President

A handwritten signature in blue ink, appearing to read "Ma. Celeste C. Mutuc", is written above a horizontal line.

Ma. Celeste C. Mutuc
Chief Financial Officer

Republic of the Philippines)

) S.S.

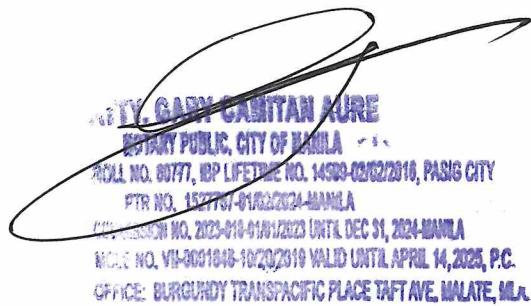
Personally appeared before me the following persons known to me and known to be the same persons who executed the foregoing and they acknowledged to me that the same is their free and voluntary act and deed, in the capacities in which they appear.

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

<u>Name</u>	<u>TIN/SSS/Passport/Driver's License No.</u>	<u>Date & Place of Issue</u>
Lucio C. Tan	X01-52-000850	July 17, 2016/Quezon City
Kyle Ellis C, Tan		
Ma. Celeste C. Mutuc		

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal on this APR 12 day of 2024, 2024 At MANILA.

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Book No. A2XIV
Series of 2024



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, 2023 and 2022, 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, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023 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 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 2023 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, 2023 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, 2023, 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:

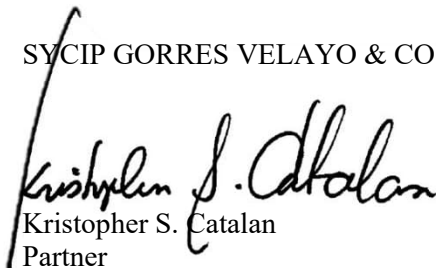
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 consolidated 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

Partner

CPA Certificate No. 109712

Tax Identification No. 233-299-245

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-109-2023, October 26, 2023, valid until October 25, 2026

PTR No. 10079916, January 5, 2024, Makati City

March 6, 2024



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

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5 and 17)	₱731,646,461	₱1,171,698,501
Trade and other receivables (Notes 6 and 17)	1,353,097,777	1,862,350,688
Real estate inventories (Note 7)	4,044,951,678	4,074,804,148
Other current assets (Note 8)	1,331,614,906	1,518,454,403
Total Current Assets	7,461,310,822	8,627,307,740
Noncurrent Assets		
Receivables - net of current portion (Note 6)	14,194,615	40,298,340
Investment properties (Note 9)	20,721,910,730	20,984,232,401
Property and equipment (Note 10)	666,891,365	714,308,080
Right-of-use assets (Note 27)	183,264,406	198,075,722
Deferred income tax assets - net (Note 24)	11,572,781	12,507,872
Other noncurrent assets (Note 11)	396,130,996	332,438,799
Total Noncurrent Assets	21,993,964,893	22,281,861,214
TOTAL ASSETS	₱29,455,275,715	₱30,909,168,954
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 12)	₱2,383,094,029	₱3,421,688,475
Customers' deposits (Note 13)	886,792,586	928,536,195
Payable to related parties (Note 17)	700,000,000	-
Current portion of:		
Loans payable (Notes 14 and 17)	505,120,202	2,058,933,231
Payables to landowners (Notes 15 and 17)	1,061,190,858	-
Other current liabilities (Notes 16 and 27)	514,504,052	333,618,391
Income tax payable	8,474,081	9,631,566
Total Current Liabilities	6,059,175,808	6,752,407,858
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 14 and 17)	1,906,302,180	2,385,703,927
Payables to landowners (Notes 15 and 17)	-	1,061,190,858
Deferred income tax liabilities - net (Note 24)	157,252,272	69,012,736
Other noncurrent liabilities (Notes 16 and 27)	1,008,238,043	1,053,143,623
Total Noncurrent Liabilities	3,071,792,495	4,569,051,144
Total Liabilities	9,130,968,303	11,321,459,002
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)	123,491,727	132,775,758
Retained earnings	6,271,143,150	5,525,261,659
Treasury shares	(7,955)	(7,955)
Total Equity	20,324,307,412	19,587,709,952
TOTAL LIABILITIES AND EQUITY	₱29,455,275,715	₱30,909,168,954

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2023	2022	2021
REVENUE (Notes 4 and 13)			
Rental income (Notes 9 and 27)	₱2,475,599,345	₱2,133,316,654	₱2,009,702,402
Rooms and other operated departments	192,848,511	178,152,351	220,186,409
Real estate sales	136,928,852	225,118,767	137,666,528
	2,805,376,708	2,536,587,772	2,367,555,339
COSTS AND EXPENSES			
Cost of rental income (Notes 9, 10, 11 and 27)	1,093,359,708	863,690,384	732,791,004
Cost of rooms and other operated departments (Notes 10 and 21)	133,232,472	106,812,052	93,255,206
Cost of real estate sales (Note 7)	61,453,082	226,434,536	55,053,102
Selling expenses (Note 19)	11,981,238	2,761,288	25,525,890
General and administrative expenses (Note 20)	750,460,645	598,189,464	740,881,329
	2,050,487,145	1,797,887,724	1,647,506,531
OTHER INCOME (CHARGES) - net			
Finance charges (Notes 18 and 27)	(391,764,894)	(323,382,431)	(257,230,830)
Interest income (Notes 5, 6 and 18)	18,387,863	10,238,648	13,173,791
Foreign exchange gains - net	677,822	6,803,609	4,149,693
Other income (charges) - net (Note 22)	613,761,783	(52,656,123)	182,888,901
	241,062,574	(358,996,297)	(57,018,445)
INCOME BEFORE INCOME TAX	995,952,137	379,703,751	663,030,363
PROVISION FOR INCOME TAX (Note 24)			
Current	157,801,342	144,824,456	214,398,686
Deferred	92,269,304	(60,712,067)	(101,614,098)
	250,070,646	84,112,389	112,784,588
NET INCOME	₱745,881,491	₱295,591,362	₱550,245,775
BASIC/DILUTED EARNINGS PER SHARE			
(Note 26)	₱0.1303	₱0.0516	₱0.0961

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2023	2022	2021
NET INCOME	₱745,881,491	₱295,591,362	₱550,245,775
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement gains (losses) on defined benefit obligations (Note 23)	(12,378,708)	91,194,161	40,205,467
Deferred income tax effect	3,094,677	(22,798,540)	(8,191,465)
	(9,284,031)	68,395,621	32,014,002
TOTAL COMPREHENSIVE INCOME	₱736,597,460	₱363,986,983	₱582,259,777

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, 2023, 2022 AND 2021

	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, 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
Net income for the year	–	–	–	745,881,491	–	745,881,491
Other comprehensive loss	–	–	(9,284,031)	–	–	(9,284,031)
Total comprehensive income (loss)	–	–	(9,284,031)	745,881,491	–	736,597,460
BALANCES AS AT DECEMBER 31, 2023	₱5,723,017,872	₱8,206,662,618	₱123,491,727	₱6,271,143,150	(₱7,955)	₱20,324,307,412

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱995,952,137	₱379,703,751	₱663,030,363
Adjustments for:			
Depreciation and amortization (Notes 9, 10, 11 and 27)	486,015,550	473,988,617	413,849,943
Interest expense and other finance charges - net of capitalized interest (Note 18)	391,749,172	323,382,431	257,230,830
Day 1 gain on security deposit (Note 22)	(12,610,152)	(35,666,684)	(18,199,314)
Retirement benefits cost (Notes 21 and 23)	15,967,942	10,927,264	37,606,309
Interest income (Note 18)	(18,387,863)	(10,238,648)	(13,173,791)
Unrealized foreign exchange losses (gains) - net	(673,210)	(6,803,609)	(4,191,693)
Gain on retirement and disposal of property and equipment (Notes 10 and 22)	-	(1,600,000)	(2,938,250)
Gain on contract modification (Notes 14, 17 and 27)	-	-	(9,962,953)
Operating income before working capital changes	1,858,013,576	1,133,693,122	1,323,251,444
Decrease (increase) in:			
Trade and other receivables	535,356,636	77,353,392	321,742,234
Real estate inventories	29,852,470	83,615,556	(18,394,879)
Other assets	129,711,471	(63,616,140)	195,355,956
Increase (decrease) in:			
Trade and other payables	(1,010,240,599)	(130,750,500)	18,300,417
Customers' deposits	(41,743,609)	51,710,634	(42,616,425)
Deposits and other liabilities	86,393,417	53,151,454	47,291,579
Cash generated from operations	1,587,343,362	1,205,157,518	1,844,930,326
Income taxes paid, including final tax and creditable withholding taxes	(167,374,317)	(143,775,013)	(157,041,515)
Interest received	18,387,863	14,230,042	16,217,501
Net cash from operating activities	1,438,356,908	1,075,612,547	1,704,106,312
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment properties (Note 9)	(125,716,137)	(51,282,583)	(573,246,234)
Property and equipment (Note 10)	(27,647,079)	(12,433,947)	(25,401,202)
Software (Note 11)	(6,251,315)	(4,340,253)	(3,323,253)
Proceeds from disposal of property and equipment (Note 10)	-	1,600,000	4,840,697
Net cash used in investing activities	(159,614,531)	(66,456,783)	(597,129,992)

(Forward)



	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Loans payable (Notes 14 and 31)	(₱2,035,105,897)	(₱1,705,889,789)	(₱1,645,930,000)
Interest (Notes 14, 15, 17 and 31)	(345,917,455)	(250,089,104)	(373,956,807)
Lease liabilities (Notes 27 and 31)	(38,444,276)	(67,390,342)	(6,696,555)
Debt issue costs (Notes 14 and 31)	-	-	(12,750,000)
Proceeds from availment of loans (Notes 14 and 31)	700,000,000	-	1,700,000,000
Net cash used in financing activities	(1,719,467,628)	(2,023,369,235)	(339,333,362)
NET EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	673,211	6,803,609	4,191,693
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	(440,052,040)	(1,007,409,862)	771,834,651
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
	1,171,698,501	2,179,108,363	1,407,273,712
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)			
	₱731,646,461	₱1,171,698,501	₱2,179,108,363

See accompanying Notes to Consolidated Financial Statements.



ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES

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, 2023 and 2022, 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:

<u>Subsidiaries</u>	<u>Percentage of Ownership</u>
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 ₱1.00 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 ₱20,000 divided into 20,000 common shares with a par value of ₱1.00 per share to ₱800,000,000 divided into 800,000,000 common shares with a par value of ₱1.00 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 ₱100,000,000 divided into 100,000,000 common shares with a par value of ₱1.00 per share to ₱1,000,000,000 divided into 1,000,000,000 common shares with a par value of ₱1.00 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 ₱1.3 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 ₱1,000,000 divided into 1,000,000 common shares with a par value of ₱1.00 per share to ₱20,000,000 divided into 20,000,000 common shares with a par value of ₱1.00 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 ₱1.00 per share, amounting to ₱15.0 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, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 were authorized for issuance by the BOD on March 6, 2024.



2. Summary of Material 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 Parent Company and its subsidiaries as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023.

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 2023. 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 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 had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the consolidated financial statements.

- 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.

- 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).

- Amendments to PAS 12, *International Tax Reform - Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023. Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

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, 2024

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



- Amendments to PFRS 16, *Leases, Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*
- 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)*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

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*

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.

As of December 31, 2023 and 2022, 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.

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.

Day 1 Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 difference) in profit or loss unless it qualifies for the recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference amount.

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.

Repossessed real estate inventories are recorded at fair value less cost to repossess.

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:

<u>Category</u>	<u>Years</u>
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.

The estimated fair value of the investment properties 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 disclosure of the fair value of investment properties is determined by a Philippine SEC-accredited and independent valuer based on Market Approach using sales and listings of comparable properties having same potential use with the investment properties owned by the Company.

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.

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.

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.

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.

Borrowing Costs

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.

Retirement Benefits Cost

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.

Income Taxes

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.

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.

Leases

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.

Segment Information

The Group’s operating businesses are organized and managed separately according to the nature of the Group: residential developments, leasing activities and serviced apartments. This is the basis on which the Group reports its primary segment information. Information with respect to these subsidiaries are disclosed in Note 4. The Company, including its subsidiaries, operate and derive all its revenue from domestic operation.

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.

Judgments

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 ₱136.93 million and ₱61.45 million in 2023, ₱225.15 million and ₱226.4 million in 2022, ₱137.7 million and ₱55.1 million in 2021, 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, ₱66.47 million, ₱6.8 million as of December 31, 2023 and nil, ₱246.1 million, ₱6.1 million as of December 31, 2022 (see Notes 6 and 28).

The Group recognized a write off of lease receivables amounting to ₱300 million and nil as of 2023 and 2022, respectively.

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, 2023 and 2022, real estate inventories, which are carried at cost, amounted to ₱4,045.0 million and ₱4,074.8 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 2023 and 2022. 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 ₱10,815.6 million, ₱666.9 million, ₱183.3 million and ₱3.6 million as of December 31, 2023, respectively ₱11,086.7 million, ₱714.3 million, ₱198.1 million and ₱5.4 million as of December 31, 2022, respectively (see Notes 9, 10, 11 and 27).

Estimation of determining the fair value of repossessed in real estate inventory

The Group estimates the fair value of the repossessed real estate inventories based on the expected selling price based upon subsequent sale of the repossessed real estate inventory less cost to repossess. Real estate inventories, including repossessed inventories, amounted to ₱4,045.0 million and ₱4,074.9 million as of December 31, 2023 and 2022, respectively (see Note 7).

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 ₱20,721.9 million, ₱666.9 million, ₱183.3 million and ₱3.6 million as of December 31, 2023, respectively and ₱20,984.2 million, ₱714.3 million, ₱198.1 million and ₱5.4 million as of December 31, 2022, 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, 2023 and 2022, retirement benefits liability amounted ₱85.1 million and ₱58.6 million, respectively. Retirement benefits cost amounted to ₱16.0 million, ₱10.9 million, and ₱37.6 million in 2023, 2022 and 2021, 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, 2023 and 2022, the Group recognized deferred income tax assets amounting to ₱284.2 million and ₱320.3 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.

2023

	Residential Developments	Leasing Activities	Serviced Apartments	Unallocated Corporate Balance	Consolidated
Revenue from external customers	₱136,928,852	₱2,475,599,345	₱192,848,511	₱-	₱2,805,376,708
Direct costs	61,453,082	1,093,359,708	133,232,472	-	1,288,045,262
Gross profit (loss)	75,475,770	1,382,239,637	59,616,039	-	1,517,331,446
Selling, general and administrative expenses	11,981,238	-	-	750,460,645	762,441,883
Operating income	63,494,532	1,382,239,637	59,616,039	(750,460,645)	754,889,563
Interest income	2,737,693	-	-	15,650,170	18,387,863
Other income (charges) - net	127,616,084	15,922,966	8,488,986	462,411,569	614,439,605
Finance charges	-	-	-	(391,764,894)	(391,764,894)
Provision for income tax	-	-	-	(250,070,646)	(250,070,646)
Segment profit (loss)	₱193,848,309	₱1,389,934,293	₱68,105,025	(₱914,234,446)	₱745,881,491
Other information					
Segment assets	₱4,892,423,258	₱11,441,779,450	₱638,493,185	₱12,472,004,883	₱29,444,700,776
Segment liabilities	₱1,041,306,833	₱953,775,238	₱8,825,013	₱7,093,573,650	₱9,097,480,735

Segment additions to property and equipment, investment properties and software (Notes 9, 10 and 11)	₱-	₱72,334,043	₱3,101,992	₱84,178,496	₱159,614,531
Depreciation and amortization	-	369,888,899	54,039,207	63,087,445	486,015,551

2022

	Residential Developments	Leasing Activities	Serviced Apartments	Unallocated Corporate Balance	Consolidated
Revenue from external customers	₱225,118,767	₱2,133,316,654	₱178,152,351	₱-	₱2,536,587,772
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	-	1,339,650,800
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)	738,698,749
Interest income	-	-	-	10,238,648	10,238,648
Other income (charges) - net	(87,748,596)	430,517,333	204,071	(3,031,071)	(45,852,514)
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	₱2,009,702,402	₱220,186,409	₱-	₱2,367,555,339
Direct costs	55,053,10)	732,791,004	93,255,206	-	881,099,312
Gross profit	82,613,426	1,276,911,398	126,931,203	-	1,486,456,027
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)	720,048,808
Interest income	4,401,497	-	-	8,772,294	13,173,791
Other income (charges) - net	(52,237,010)	(140,181,967)	(3,732,930)	383,190,501	187,038,594
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

5. Cash and Cash Equivalents

	2023	2022
Cash on hand and in banks (Note 17)	₱564,424,899	₱1,010,967,485
Cash equivalents (Note 17)	167,221,562	160,731,016
	₱731,646,461	₱1,171,698,501

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 6% in 2023, 0.25% to 4.25% in 2022 and .25% to 3.5% 2021.

Interest income from cash and cash equivalents amounted to ₱15.7 million, ₱10.2 million and ₱8.8 million in 2023, 2022 and 2021, respectively (see Note 18).

6. Trade and Other Receivables

	2023	2022
Receivables from buyers	₱267,439,749	₱236,229,471
Receivables from tenants	141,867,154	112,400,554
Lease receivables	137,961,852	567,479,965
Contracts receivables	134,777,649	488,911,190
Receivable from related party (Note 17)	25,686,834	25,000,000
Receivable from condominium corporations	332,715,721	298,291,178
Receivable from homeowners' associations	221,794,976	153,783,162
Others	171,517,335	266,667,052
	1,433,761,270	2,148,762,572
Less allowance for expected credit losses (Note 28)	66,468,878	246,113,544
	1,367,292,392	1,902,649,028
Less noncurrent portion of contracts receivables	14,194,615	40,298,340
	₱1,353,097,777	₱1,862,350,688



- 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 ₱2.7 million, nil, ₱4.4 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.
- d. In 2023, the Group wrote-off lease receivables and receivable from tenants totaling ₱300.0 million pertaining to uncollected rents during pandemic (see Note 28).

7. Real Estate Inventories

	2023	2022
Condominium and residential units	₱689,141,218	₱219,197,522
Subdivision projects under development	3,355,810,460	3,855,606,626
	₱4,044,951,678	₱4,074,804,148

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

	2023	2022
Beginning of year	₱4,074,804,148	₱4,158,419,704
Development costs incurred and cost of returned inventory	(285,998,947)	142,818,980
Cost of sales	(61,453,082)	(226,434,536)
Gain on repossession (Note 22)	317,599,559	—
End of year	₱4,044,951,678	₱4,074,804,148

- b. Real estate inventories recognized as part of cost of real estate sales amounted to ₱61.5 million ₱226.4 million, and ₱55.1 million in 2023, 2022 and 2021, respectively.
- c. Real estate inventories pertaining to repossessed inventories are valued at fair market value amounting to ₱503.2 million and nil as of December 31, 2023 and 2022, respectively. Gain on repossession amounted to ₱317.6 million, nil and nil in 2023, 2022, and 2021, respectively (see Note 22).



8. Other Current Assets

	2023	2022
Input VAT	₱812,449,760	₱1,049,523,071
Creditable withholding taxes	208,168,295	155,139,638
Deferred rent assets	176,511,741	195,242,598
Advances to contractors and suppliers (Note 17)	56,928,811	76,718,492
Prepayments	24,123,127	19,464,254
Others	53,433,172	22,366,350
	₱1,331,614,906	₱1,518,454,403

- 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 real estate taxes.

9. Investment Properties

	2023				
	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	₱4,184,886,449	₱1,546,708,150	₱23,319,596,703
Additions	62,044,124	29,127,165	2,860,251	31,684,597	125,716,137
End of year	8,412,892,963	9,266,280,430	4,187,746,700	1,578,392,747	23,445,312,840
Accumulated Depreciation					
Beginning of year	-	1,851,754,729	483,609,573	-	2,335,364,302
Depreciation (Note 20)	-	13,131,683	374,906,125	-	388,037,808
End of year	-	1,864,886,412	858,515,698	-	2,723,402,110
Net Book Values	₱8,412,892,964	₱7,401,394,019	₱3,414,203,958	₱1,493,419,791	₱20,721,910,730
	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

- a. Rental income and direct operating expenses arising from the investment properties amounted to ₱2,475.6 million and ₱1,093.4 million in 2023, ₱2,133.3 million and ₱863.7 million in 2022, ₱2,009.7 million and ₱732.8 million in 2021, respectively.



Depreciation of investment properties amounting to ₱353.7 million, ₱358.4 million and ₱289.9 million were recognized as part of cost of rental income in 2023, 2022 and 2021, respectively.

- b. Borrowing costs capitalized as cost of investment properties in 2021 amounted to ₱131.0 million, (see Note 18). None in 2023 and 2022.
- c. 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 2023 and 2022, the Company reclassified the construction in progress into the “Condominium units” pertaining to Sunrise, New homes, AHR property, Eton Emerald Loft 2 and Hotel Centris amounting to ₱85.0 million and WestEnd Square amounting to ₱2,429.8 million, respectively.
- d. 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	₱36,901,878,000	December 31, 2023
Condominium units	Market approach	4,313,813,126	December 31, 2023
Buildings for lease	Market approach	15,024,674,000	December 31, 2023
		₱56,240,365,126	

The estimated fair value of the land, condominium units and building for lease 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. 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 Colliers International Philippines, 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*.

- e. The Group’s projects namely, Eton Cyberpod Corinthian and Eton Centris, were registered with Philippine Economic Zone Authority 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.

10. Property and Equipment

	2023				Total
	Serviced Apartments	Transportation Equipment	Furniture, Fixtures and Equipment	Leasehold Improvements	
Cost					
Beginning of year	₱993,805,562	₱47,370,759	₱253,683,400	₱24,627,228	₱1,319,486,949
Additions	3,173,063	8,725,712	15,748,303	–	27,647,079
End of year	996,978,625	56,096,471	269,431,703	24,627,228	1,347,134,028

(Forward)



	2023				
	Serviced Apartments	Transportation Equipment	Furniture, Fixtures and Equipment	Leasehold Improvements	Total
Accumulated Depreciation and Amortization					
Beginning of year	₱303,098,897	₱40,832,546	₱236,697,836	₱24,549,590	₱605,178,869
Depreciation and amortization (Note 20)	54,039,207	3,282,878	17,689,852	51,857	75,063,794
End of year	357,138,104	44,115,424	254,387,688	24,601,447	680,242,663
Net Book Values	₱639,840,522	₱11,981,048	₱15,044,014	₱25,781	₱666,891,365

	2022				
	Serviced Apartments	Transportation Equipment	Furniture, Fixtures and Equipment	Leasehold Improvements	Total
Cost					
Beginning of year	₱992,376,116	₱46,616,564	₱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

In 2022, the Group sold certain fully depreciated property and equipment for ₱1.6 million. There were no unpaid purchases of property and equipment as of December 31, 2023 and 2022.

In 2023, 2022 and 2021, the Group recognized depreciation and amortization of equipment and leasehold improvements used in leasing activities amounting to ₱16.0 million, ₱9.8 million and ₱11.1 million, respectively, as part of “Cost of rental income” and “Cost of rooms and other operated department”.

11. Other Noncurrent Assets

	2023	2022
Advances to contractors and suppliers (Note 17)	₱197,176,963	₱167,917,546
Refundable deposits - net	192,486,388	156,202,291
Software	3,567,645	5,418,962
Others	2,900,000	2,900,000
	₱396,130,996	₱332,438,799

- 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:

	2023	2022
Cost		
Beginning of year	₱91,555,655	₱87,215,402
Additions	6,251,315	4,340,253
End of year	97,806,970	91,555,655
Accumulated Amortization		
Beginning of year	86,136,693	79,041,392
Amortization (Note 20)	8,102,632	7,095,301
End of year	94,239,325	86,136,693
Net Book Values	₱3,567,645	₱5,418,962

In 2023, 2022 and 2021, the Group recognized as part of “Cost of rental income” and “Cost of rooms and other operated department” the amortization of software used in leasing activities amounting to ₱0.3 million, ₱0.1 million and ₱0.2 million, respectively.

12. Trade and Other Payables

	2023	2022
Accounts payable	₱1,026,836,477	₱971,853,086
Retentions payable	473,798,835	485,527,966
Taxes payable	207,137,345	485,536,576
Accrued expenses:		
Utilities, outside services and others	369,295,228	195,026,883
Real estate development costs	162,199,982	1,111,598,088
Interest	143,826,162	172,145,876
	₱2,383,094,029	₱3,421,688,475

- a. Accounts payable includes amount payable to contractors for the construction and development costs. 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.
- c. The Company reversed aged payables amounting to ₱321.51 million lodged under other deposits, accrued project costs and other payables pertaining to long outstanding payables which were outstanding since prior to 2013. These payables pertain to liabilities to suppliers and contractors which were not claimed against the Company since 2013 and prior years. The reversal was approved by the Board of Directors on December 11, 2023.
- d. On January 5, 2024, Republic Act No. 11976 or the Ease of Paying Taxes (EOPT) Act was signed into law. The EOPT Act was published in the Official Gazette on January 7, 2024 and took effect 15 days (i.e., January 22, 2024). Such law requires, among others, the imposition of value-added tax on services, including rentals, based on gross sales instead of based on collection.



Within 90 calendar days from the effectivity of the Act, the Secretary of Finance, after due consultation with the BIR, and the private sector, shall promulgate the necessary rules and regulations for its effective implementation. Taxpayers are hereby given 6 months from the effectivity of the Group's implementing revenue regulations to comply with the VAT amendments. As a result of this, the Group's VAT imposition on its lease and service transactions is expected to change in compliance with the EOPT Act.

As of March 6, 2024, the Department of Finance has not issued yet the implementing rules and regulations.

13. Revenue

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

	2023	2022	2021
Segments			
Leasing activities	₱2,475,599,345	₱2,133,316,654	₱2,009,702,402
Serviced apartments	192,848,511	178,152,351	220,186,409
Residential developments	136,928,852	225,118,767	137,666,528
	₱2,805,376,708	₱2,536,587,772	₱2,367,555,339
Timing of revenue			
Over time	₱2,612,528,197	₱2,358,435,421	₱2,147,368,930
Point in time	192,848,511	178,152,351	220,186,412
	₱2,805,376,708	₱2,536,587,772	₱2,367,555,339

- b. Contract Balances

	2023	2022
Installment contracts receivable (Note 6)	₱134,777,649	₱488,911,190
Contract liabilities (customer's deposits)	79,079,054	142,265,477

Customers' deposits represent payments received from buyers of condominium and residential units and other charges. As of December 31, 2023 and 2022, customers' deposits amounted to ₱886.8 million and ₱928.5 million, respectively. The balance of customers' deposits amounting to ₱79.1 million is expected to be recognized as revenue by year 2024.

14. Loans Payable

	2023	2022
Bank loans	₱2,425,974,764	₱4,461,080,211
Unamortized debt issue costs	(14,552,382)	(16,443,053)
	2,411,422,382	4,444,637,158
Less current portion	505,120,202	2,058,933,231
Noncurrent portion	₱1,906,302,180	₱2,385,703,927



- a. In 2022 and 2021, the Parent Company availed loan drawdowns with the Bank of Philippine Islands 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.

In 2023, the interest rate was repriced from 5% to 7.29%.

- 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. 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. The loan matured on May 31, 2023 (see Notes 17 and 18).
- 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%. Principal repayments commenced two years from the date of availment and due quarterly while interest payments are due quarterly starting December 28, 2016. The loan matured on September 28, 2023 (see Note 18).
- 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, 2023, the Parent Company slightly missed the debt service cost coverage requirement. Nonetheless the Company was able to obtain a waiver from the bank to continue reporting the amortizations due beyond 12 months as non-current.

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:

	2023	2022
Balances at beginning of year	₱16,443,053	₱30,603,113
Amortization (Note 18)	(1,890,671)	(14,160,060)
Balances at end of year	₱14,552,382	₱16,443,053

Interest expense related to loans payable, including amortization of debt issue cost, amounted to ₱256.9 million, ₱258.6 million and ₱315.0 million, net of capitalized portion of nil, nil and ₱131.0 million in 2023, 2022 and 2021, respectively (see Notes 9 and 18).



15. Payables to Landowners

	2023	2022
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. In 2023, the promissory note was further extended to June 2024 maintaining the same interest rate.
- b. Interest expense related to payables to landowners amounted to ₱62.5 million, ₱24.1 million and ₱18.1 million in 2023, 2022 and 2021, respectively (see Note 18).

16. Other Liabilities

	2023	2022
Security deposits	₱740,879,457	₱683,464,142
Lease liabilities (Note 27)	483,864,419	481,603,847
Advance rentals	120,771,078	112,563,422
Deferred rental income	92,124,702	50,550,421
Retirement benefits liability (Note 23)	85,102,439	58,580,182
	1,522,742,095	1,386,762,014
Less current portion of:		
Security deposits	424,034,374	54,746,823
Advance rentals	76,106,181	259,660,729
Lease liabilities (Note 27)	14,363,497	19,210,839
	514,504,052	333,618,391
	₱1,008,238,043	₱1,053,143,623

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
		2023	2022	2023	2022	
Subsidiaries of LTG	Cash and cash equivalents	(P402,958,766)	(P828,138,865)	P468,066,836	P871,025,602	Deposits and placements; interest-bearing
	Payable to landowners	-	-	(181,969,034)	(181,969,034)	Unsecured; interest-bearing
	Lease liabilities	5,374,482	35,591,565	-	(5,374,482)	Unsecured; noninterest-bearing
	Trade payables	13,346,699	(21,115,832)	(7,769,133)	(21,115,832)	Unsecured; noninterest-bearing
	Trade receivables	(1,442,247)	29,586,104	28,143,857	29,586,104	Management fee; noninterest-bearing
	Receivable from related party	686,834	-	686,834	-	Noninterest-bearing
	Loans payable	689,410,211	(831,089,789)	(500,000,000)	(1,189,410,211)	Unsecured; interest-bearing
Entities under Common Control	Trade payables	(13,289,000)	(17,460,000)	(4,171,000)	(17,460,000)	Management fee; noninterest-bearing
	Loans payable	(200,000,000)	-	(200,000,000)	-	Unsecured; interest-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, 2023 and 2022, 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 nil and P1,189.4 million were recorded under "Loans payable" in the consolidated statements of financial position as of December 31, 2023 and 2022, respectively (see Note 14).



- In 2023, the Parent Company entered into an unsecured term loan agreement with Fortune Tobacco Corporation amounting to ₱200.0 million and ₱300.0 million to finance the Parent Company's operation. Total outstanding payables amounting to ₱500.0 million were recorded under "Payable to Related Parties" in the consolidated statements of financial position (see Note 17).
- In 2014, ECI purchased parcels of land from related parties amounting to ₱201.8 million. Total outstanding payables amounting to ₱182.0 million were recorded as part of "Payables to landowners" as of December 31, 2023 and 2022 (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 ₱2.6 million in 2024 (see Note 27). In 2023, the Group has renewed its lease agreement until 2024. Total outstanding payable as of December 31, 2023 and 2022 amounts to ₱4.1 million and ₱21.1 million, respectively.
- In 2023 and 2022, the Group entered into service contract agreements with PNB Holdings Corporation (PHC). Total service fees recognized by the Group included in "Service fees" amounted to ₱74.8 million and ₱105.18 million (see Note 22). Total outstanding receivable as of December 31, 2023 and 2022 amounts to ₱28.1 million and ₱29.6 million, respectively.
- The Parent Company has noninterest-bearing advances to PHC amounting to ₱0.7 million as of December 31, 2023, for various transactions paid by the Parent Company on behalf of PHC (See Note 6).

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 ₱51.6 million, ₱72.0 million and ₱72.0 million in 2023, 2022 and 2021, respectively (see Note 20). Total outstanding payable as of as of December 31, 2023 and 2022 amounts to ₱4.2 million and ₱17.5 million.
- In 2023, the Parent Company entered into an unsecured term loan agreement with Himmel Industries Incorporated amounting to ₱100.0 million and ₱100.0 million to finance the Parent Company's operation. Total outstanding payables amounting to ₱200.0 million and were recorded under "Payable to Related Parties" in the consolidated statements of financial position as of December 31, 2023 and 2022, respectively (see Note 17).

Transactions with Parent Company

- The Group has noninterest-bearing advances to its ultimate parent, Tangent Holding Corporation, amounting to ₱25.0 million as of December 31, 2023 and 2022 (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	2023	2022
ECI	EPPI	Advances; noninterest-bearing	₱863,010,650	₱705,935,330
EHLI	EPPI	-do-	52,902,972	52,852,972
ECI	BCI	-do-	50,784,169	50,784,169
EPPI	BCI	-do-	19,786,596	—

18. Interest Income and Finance Charges

	2023	2022	2021
Interest income:			
Cash and cash equivalents (Note 5)	₱15,650,170	₱10,238,648	₱8,772,294
Contracts receivables (Note 6)	2,737,693	—	4,401,497
	₱18,387,863	₱10,238,648	₱13,173,791

	2023	2022	2021
Finance charges			
Interest expense on:			
Loans payable (Note 14)	₱256,923,554	₱258,598,018	₱314,952,291
Payables to landowners (Note 15)	62,531,175	24,118,361	18,075,809
Lease liabilities (Note 27)	40,704,848	40,397,474	40,438,053
Security deposits	31,589,595	34,133	13,569,134
	391,749,172	323,147,986	387,035,287
Capitalized interest in investment properties (Notes 9, 14 and 15)	—	—	(130,978,968)
	391,749,172	323,147,986	256,056,319
Bank charges	15,722	234,445	1,174,511
	₱391,764,894	₱323,382,431	₱257,230,830

Capitalization rate for general and specific borrowing in 2021 is 5.16% and 3.95%, respectively. No borrowings made for investment properties in 2023 and 2022 (see Notes 9, 14, and 15).

19. Selling Expenses

	2023	2022	2021
Advertising and promotions	₱5,583,846	₱2,376,994	₱1,931,487
Commissions	6,397,392	384,294	23,594,403
	₱11,981,238	₱2,761,288	₱25,525,890



20. General and Administrative Expenses

	2023	2022	2021
Personnel costs (Note 21)	₱171,807,808	₱145,539,939	₱225,494,105
Outside services (Note 17)	124,882,879	109,098,705	118,850,122
Depreciation and amortization (Notes 10 and 11)	115,902,929	97,873,192	95,198,880
Taxes and licenses	102,476,205	90,480,554	70,004,601
Repairs and maintenance	93,767,845	38,041,903	44,463,621
Provision for ECL (Note 28)	23,967,960	57,278,368	131,169,490
Communication, light and water	21,282,549	27,201,493	12,558,937
Professional fees	9,285,978	9,752,769	8,807,107
Travel and transportation	6,011,513	6,140,325	4,054,657
Entertainment, amusement and recreation	4,939,603	2,592,309	1,550,901
General insurance	4,923,422	3,254,661	3,118,132
Office supplies	1,974,275	2,106,967	4,313,362
Others	69,237,679	8,828,279	21,297,414
	₱750,460,645	₱598,189,464	₱740,881,329

Others include expenditures training and seminar fees, subscription fees, membership fees, corporate ads and promos, donation and research and development costs which are individually not material.

21. Personnel Costs

	2023	2022	2021
Salaries and wages	₱133,252,534	₱147,970,989	₱159,448,779
Employee benefits	52,118,945	41,061,397	58,259,062
Retirement benefits cost (Note 23)	15,967,942	15,019,802	37,606,309
	₱201,339,421	₱204,052,188	₱255,314,150

The Group recognized personnel costs amounting to ₱29.5 million, ₱51.4 million and ₱29.8 million under “Cost of rooms and other operated departments” in 2023, 2022 and 2021, respectively.

22. Other Income (Charges) - Net

	2023	2022	2021
Reversal of long outstanding payable (Note 12)	₱376,102,772	₱-	₱-
Gain (loss) on forfeitures and cancelled contracts	115,996,331	(114,809,817)	(52,237,010)
Service fees (Note 17)	74,800,231	105,184,177	163,321,975
Rental dues	11,808,810	19,215,855	424,003,840
Penalty income and late payment charges	2,315,441	6,666,046	2,500,244
Others - net (Note 14)	32,738,198	(68,912,384)	40,785,669
	₱613,761,783	(₱52,656,123)	₱578,374,718



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.

Gain (loss) on forfeitures and cancelled contract arises from the difference between the fair value of the repossessed inventories and the amounts returned to buyers as a result of the cancellation of contracts.

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 income.

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 below 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.



	2023		
	Present Value of Defined Benefit Obligations	Fair Value of Plan Assets	Net Accrued Retirement Benefits
Beginning balances	₱59,610,337	(₱1,030,155)	₱58,580,182
Net retirement benefits costs recognized in the consolidated statement of income:			
Current service cost	11,612,755	–	11,612,755
Net interest cost	4,431,418	(76,231)	4,355,187
	16,044,173	(76,231)	15,967,942
Benefits paid directly by the Group	(1,824,393)	–	(1,824,393)
Remeasurement losses (gains) in other comprehensive income - actuarial changes arising from:			
Change in financial assumptions	15,752,710	–	15,752,710
Demographic assumptions	(1,402,577)	–	(1,402,577)
Experience adjustments	(2,002,915)	–	(2,002,915)
Return on plant assets	–	31,490	31,490
	12,347,218	31,490	12,378,708
Ending balances	₱86,177,335	(₱1,074,896)	₱85,102,439
	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
Net interest 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
Net interest cost	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

The retirement benefits liabilities recognized as part of “Other noncurrent liabilities” in the consolidated statements of financial position amounted to ₱85.1 million and ₱58.6 million as of December 31, 2023 and 2022, respectively (see Note 16).

The fair value of the plan assets amounting to ₱1.1 million as at December 31, 2023 and 2022 is comprised of financial assets measured at fair value through profit or loss. Actual return on plan assets amounted to ₱44,241, ₱12,304, and ₱2,594 in 2023, 2022, and 2021, respectively.

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

	2023	2022	2021
Discount rate	6.20%	7.40%	5.20%
Salary increase rate	10.00%	10.00%	10.00%
Average future working years of service	12.40	12.90	13.44

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:

	2023		2022		2021	
Discount rate	+1.0%	(₱75,067,464)	+1.0%	(₱53,459,342)	+1.0%	(₱22,482,963)
	-1.0%	103,046,024	-1.0%	72,253,802	-1.0%	28,267,530
Future salary increase rate	+1.0%	102,287,788	+1.0%	71,886,580	+1.0%	26,628,432
	-1.0%	(75,368,341)	-1.0%	(53,568,938)	-1.0%	(21,785,370)



24. Income Taxes

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

	2023	2022	2021
RCIT	₱154,685,164	₱141,735,270	₱231,532,562
Final	3,116,179	2,301,044	1,782,272
MCIT	1,633,879	788,142	596,853
Adjustment in the current period for income tax of prior period	-	-	(19,513,001)
	₱157,801,342	₱144,824,456	₱214,398,686

- b. The Group's recognized net deferred income tax liabilities as of December 31, 2023 and 2022 follow:

	2023	2022
Deferred income taxes directly recognized in profit or loss:		
Deferred income tax assets on:		
Lease liability	₱120,966,105	₱120,400,962
Retirement benefits liability	63,349,435	59,813,548
Advance rentals	41,915,296	38,590,204
Accrued expenses	39,635,235	40,824,700
Allowance for estimated credit losses	18,325,079	60,658,840
	284,191,150	320,288,254
Deferred income tax liabilities on:		
Capitalized borrowing cost	(202,638,329)	(202,638,329)
Difference between tax basis and book basis of accounting for real estate transactions	(91,217,296)	(16,381,912)
Right-of-use assets	(45,816,102)	(49,518,931)
Deferred rental income	(31,216,909)	(45,019,931)
Others	(17,818,095)	(18,975,428)
	(388,706,731)	(332,534,531)
Deferred income tax liability on gains arising from changes in actuarial assumptions directly recognized in equity	(41,163,910)	(44,258,587)
	(₱145,679,491)	(₱56,504,864)

As of December 31, 2023 and 2022, the Group has not recognized deferred income tax assets on the carryforward benefits of NOLCO and excess MCIT 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:

	2023	2022
Deferred income tax assets - net	₱11,572,781	₱12,507,872
Deferred income tax liabilities - net	(157,252,272)	(69,012,736)
	(₱145,679,491)	(₱56,504,864)



- c. Details excess MCIT incurred in the past three years and NOLCO incurred in 2023 follow:

Excess MCIT

Year Incurred	Balance as of Dec 31, 2022	Additions	Applied	Expired	Balance as of December 31, 2023	Available Until
2020	₱603,468	₱-	₱-	(₱603,468)	₱-	2023
2021	596,853	-	-	-	596,853	2024
2022	788,142	-	(234,373)	-	553,769	2025
2023	-	1,633,879	-	-	1,633,879	2026
	₱1,988,463	₱1,633,879	₱234,373	₱603,468	₱2,784,501	

NOLCO

Year Incurred	Balance as of December 31, 2022	Additions	Applied	Balance as of December 31, 2023	Available Until
2022	₱29,490,045	₱-	(₱15,403,412)	₱14,086,633	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, 2022	Additions	Applied	Balance as of December 31, 2023	Available Until
2020	₱36,638,496	₱-	(₱5,380,734)	₱31,257,762	2025
2021	12,229,003	-	-	12,229,003	2026
	₱48,867,499	₱-	(₱5,380,734)	₱43,486,765	

- 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:

	2023	2022	2021
Provision for income tax at the statutory income tax rate	₱248,988,034	₱94,925,969	₱165,757,593
Adjustments for:			
Nondeductible expenses	1,250,179	1,835,852	1,616,963
Movement in temporary differences, NOLCO and excess MCIT for which no deferred income tax assets were recognized	628,797	8,160,454	3,654,104
Interest income subjected to final tax	(796,364)	(2,893,710)	(2,193,074)
Others	-	(17,916,176)	(56,050,998)
Provision for income tax	₱250,070,646	₱84,112,389	₱112,784,588



- f. On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises (CREATE)” Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

MCIT’s effective rate in 2023 is 1.5% in accordance with RMC 69-2023.

25. Equity

Capital Stock

Details of the Parent Company’s capital stock as of December 31, 2023 and 2022 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

The issued and outstanding registered shares are held by 1,671 and 1,668 stockholders as of December 31, 2023 and 2022, respectively.

26. Basic/Diluted Earnings Per Share

Basic/diluted earnings per share were calculated as follows:

	2023	2022	2021
Net income	₱745,881,491	₱295,591,362	₱550,245,775
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	₱0.1303	₱0.0516	₱0.0961

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 ₱30.6 million, ₱4.8 million and ₱3.7 million in 2023, 2022 and 2021, respectively.

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

	2023	2022
Within one year	₱1,763,075,105	₱824,923,707
After one year but not more than five years	5,162,602,080	2,128,760,254
More than five years	11,638,752	77,256,419
	₱6,937,315,937	₱3,030,940,380

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 ₱2.6 million (see Notes 17 and 27). In 2023, the Group renewed its lease until 2024.
- 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:

	2023		
	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	41,737,884	52,522,146	94,260,030
Amortization (Note 20)	10,434,470	4,376,846	14,811,316
End of year	52,172,354	56,898,992	109,071,346
Net Book Values	₱183,264,406	₱—	₱183,264,406



	2022		Total
	Land	Leasehold Improvements	
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

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

	2023	2022	2021
Interest expense on lease liabilities (Note 18)	₱40,704,848	₱40,397,474	₱40,438,053
Amortization expense of right-of-use assets	36,695,544	36,695,544	36,695,544
	₱77,400,392	₱77,093,018	₱77,133,597

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

	2023	2022
Beginning of year	₱481,603,847	₱508,596,715
Interest expense (Note 18)	40,704,848	40,397,474
Rental payments/payable	(38,444,276)	(67,390,342)
End of year	483,864,419	481,603,847
Less current portion (Note 16)	14,363,497	19,210,839
Noncurrent portion (Note 16)	₱469,500,922	₱462,393,008

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:

	2023	2022
1 year	₱34,684,052	₱33,032,430
More than 1 year to 2 years	22,656,938	21,578,036
More than 2 years to 3 years	23,789,785	22,656,938
More than 3 years to 4 years	24,979,274	23,789,785
More than 5 years	1,337,677,054	1,376,583,554



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, 2023 and 2022, the Group's maximum exposure to credit risk for the components of the consolidated statements of financial position follows:

	2023	2022
Financial assets at amortized cost		
Cash in banks and cash equivalents*	₱723,488,354	₱1,168,246,657
Trade and other receivables:		
Receivable from buyers	267,439,749	509,458,017
Receivable from tenants	141,867,154	112,102,568
Lease receivables	137,961,852	558,566,831
Contracts receivables	134,777,649	488,911,190
Receivable from buyers	267,439,749	509,458,017

(Forward)



	2023	2022
Lease receivables	₱137,961,852	₱558,566,831
Receivables from related party	25,686,834	25,000,000
Others**	719,901,432	453,146,114
Refundable deposits	192,486,388	156,202,291
	₱2,749,011,013	₱4,539,658,516

*Excluding cash on hand amounting to ₱8.8 million and ₱4.4 million as of December 31, 2023 and 2022, respectively.

**Excluding advances to officers and employees amounting to ₱6.1 million and ₱1.6 million as of December 31, 2023 and 2022, respectively.

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

December 31, 2023:

	Cash in banks and cash equivalents	Refundable deposits	Trade and other receivables				Totals	
			Current	Days past due				
				<30 days	30-60 days	61-90 days		> 91 days
Expected credit loss rate	-%	3%	19%	6%	19%	20%	45%	
Estimated total gross carrying amount at default	₱731,646,461	₱192,486,388	₱1,196,389,755	₱17,090,494	₱8,784,174	₱7,712,858	₱203,783,989	₱2,357,894,119
Expected credit loss	₱-	₱6,831,438	₱17,263,093	₱3,829,670	₱3,604,537	₱5,749,510	₱36,022,070	₱73,300,318

December 31, 2022:

	Cash in banks and cash equivalents	Refundable deposits	Trade and other receivables				Totals	
			Current	Days past due				
				<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	₱305,408,870	₱3,479,067,140
Expected credit loss	₱-	₱6,125,620	₱3,777,726	₱3,180,095	₱2,265,390	₱1,761,632	₱235,128,701	₱252,239,164

Movement of the allowance for expected credit losses in 2023 and 2022 follow:

	2023	2022
Beginning balances	₱252,239,164	₱194,960,796
Write off (Note 6)	(198,792,650)	-
Provisions	23,967,960	57,278,368
Reversals	(4,114,156)	-
Ending balances	₱73,300,318	₱252,239,164

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 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, 2023	On demand	Less than 1 year	More than 1 year	Total
Financial liabilities:				
Trade and other payables:				
Accounts payables*	₱–	₱1,016,538,358	₱–	₱1,016,538,358
Retentions payable	–	473,798,835	–	473,798,835
Accrued expenses	–	675,321,372	–	675,321,372
Lease liabilities**	–	34,684,052	1,409,103,051	1,443,787,103
Loans payable***	–	505,120,202	1,906,302,180	2,411,422,382
Payable to related parties	–	700,000,000	–	700,000,000
Payable to landowners	–	1,061,190,858	–	1,061,190,858
Security deposits****	–	446,357,260	333,525,090	779,882,350
	₱–	₱4,913,010,937	₱3,648,930,321	₱8,561,941,258
Financial assets:				
Cash and cash equivalents	₱564,424,899	₱167,221,562	₱–	₱731,646,461
Trade and other receivables*****	–	1,353,097,777	14,194,615	1,367,292,392
	₱564,424,899	₱1,520,319,339	₱14,194,615	₱2,098,938,853

*Excluding payable to government agencies amounting to ₱10.3 million.

**Including interest to maturity amounting to ₱959.9 million

***Including interest to maturity amounting to ₱14.6 million

****Including interest to maturity amounting to ₱4.7 million

*****Excluding advances to officers and employees amounting to ₱6.1 million.

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	–	485,527,966	–	485,527,966
Accrued expenses	–	1,478,770,847	–	1,478,770,847
Lease liabilities***	–	33,032,430	1,444,608,313	1,477,640,743
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
	₱–	₱4,696,768,793	₱6,510,603,413	₱11,207,372,206
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	₱3,072,769,677

*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 ₱996.0 million

****Including interest to maturity amounting to ₱575.8 million

*****Including interest to maturity amounting to ₱36.0 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, 2023 and 2022.

	US Dollar Value	Peso Equivalent
2023	\$1,328,030	₱75,203,019
2022	\$1,388,323	₱77,412,890



The exchange rate used as of December 31, 2023 and 2022 were ₱55.27 to US\$1.00 and ₱55.76 to US\$1, respectively. The Group recognized net foreign exchange gain amounting to ₱.6 million and ₱6.8 million in 2023 and 2022, respectively.

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, 2023 and 2022. 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
2023	(1.51%)	(₱169,456)
	1.51%	169,456
2022	(9.80%)	(₱7,586,463)
	9.80%	7,586,463

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, 2023 and 2022.

	2023		2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash on hand	₱8,158,106	₱8,158,106	₱3,721,844	₱3,721,844
Cash in banks and cash equivalents	723,488,355	723,488,355	1,167,976,657	1,167,976,657
Loans and receivables:				
Contracts receivables	134,777,648	134,777,648	488,911,190	488,911,190
Receivables from buyers	267,439,749	283,138,462	509,458,017	529,428,771
Lease receivables	137,961,852	137,961,852	558,566,831	558,566,831
Refundable deposits**	192,486,388	203,785,339	156,202,291	162,325,420
Receivable from related party	25,686,834	25,686,834	25,000,000	25,000,000
Receivables from tenants	141,867,154	141,867,154	112,102,568	112,102,568
Others*	719,901,431	745,601,912	453,146,114	476,913,628
	₱2,351,767,517	₱2,404,465,662	₱3,475,085,512	₱3,524,946,909

* Excluding advances to officers and employees amounting to ₱6.1 million and ₱1.6 million as of December 31, 2023 and 2022, respectively.

** Presented as part of "Other noncurrent assets" account.

	2023		2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Liabilities				
Other financial liabilities:				
Trade and other payables:				
Accounts payable*	₱1,016,583,358	₱1,016,583,358	₱964,336,394	₱971,853,086
Retentions payable	473,798,835	473,798,835	485,527,964	485,527,964
Accrued expenses	675,321,372	675,321,372	1,478,770,847	1,478,770,847
Lease liabilities	483,864,419	472,587,907	481,603,847	699,998,610
Loans payable	3,111,422,382	2,986,477,750	4,444,637,158	4,538,827,481
Payables to landowners	1,061,190,858	1,061,190,858	1,061,190,858	1,061,190,858
Security deposits**	518,094,440	740,879,457	671,599,899	670,694,044
	₱7,340,275,664	₱7,426,839,537	₱9,587,666,967	₱9,906,862,890

* Excluding payable to government agencies amounting to ₱10.3 million and ₱7.5 million as of December 31, 2023 and 2022, 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, 2023 and 2022.

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 0.14% to 7% and 1.96% to 8.53% as of December 31, 2023 and 2022, 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 2023 and 2022, 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, 2023 and 2022. Accordingly, the Group is not subject to externally imposed capital requirements.



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

	2023	2022
Capital stock	₱5,723,017,872	₱5,723,017,872
Additional paid-in capital	8,206,662,618	8,206,662,618
Retained earnings	6,271,143,150	5,525,261,659
Treasury shares	(7,955)	(7,955)
	₱20,200,815,685	₱19,454,934,194

30. 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.

31. 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 2023, 2022 and 2021 amounted to nil, nil and ₱131.0 million, respectively (see Note 9).
- Non-cash financing activity of the Group pertains to the amortization of debt issue costs amounting to ₱31.0 million, ₱14.2 million and ₱10.6 million in 2023, 2022 and 2021, respectively (see Note 14).
- Reconciliation of the movements of liabilities arising from financing activities are as follows:

	2023					Total
	Loans Payable	Payable to related parties	Payables to Landowners	Lease Liabilities	Accrued Interest	
Beginning balances	₱4,444,637,158	₱-	₱1,061,190,858	₱481,603,847	₱172,180,009	₱6,159,611,872
Cash movements:						
Payment of:						
Loans	(2,035,105,897)	-	-	-	-	(2,035,105,897)
Lease liabilities	-	-	-	(38,444,276)	-	(38,444,276)
Interest	-	-	-	-	(345,917,455)	(345,917,455)
Availment of loan	-	700,000,000	-	-	-	700,000,000
Non-cash movement:						
Amortization of debt issue costs	1,891,121	-	-	-	-	1,891,121
Interest incurred	-	-	-	40,704,849	317,563,608	358,268,456
Ending balances	₱2,411,422,382	₱700,000,000	₱1,061,190,858	₱483,864,420	₱143,826,162	₱4,800,304,822

	2022					Total
	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	-	-	(67,390,342)	-	-	(67,390,342)
Interest	-	-	-	(250,089,104)	-	(250,089,104)
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				Total
	Loans Payable	Payables to Landowners	Lease Liabilities	Accrued Interest	
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



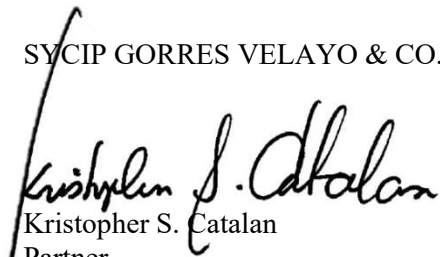
INDEPENDENT AUDITOR'S REPORT

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, 2023 and for the year then ended, on which we have rendered the attached report dated March 6, 2024.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the above company has 1,456 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

BIR Accreditation No. 08-001998-109-2023, October 26, 2023, valid until October 25, 2026

PTR No. 10079916, January 5, 2024, Makati City

March 6, 2024

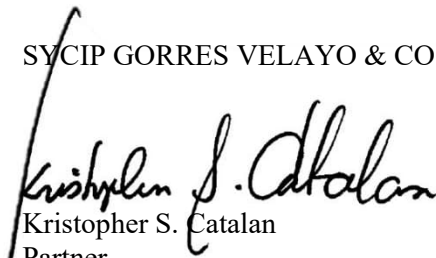


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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, 2023 and 2022 and for each of the three years then ended December 31, 2023, included in this Form 17-A, and have issued our report thereon dated March 6, 2024. 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

BIR Accreditation No. 08-001998-109-2023, October 26, 2023, valid until October 25, 2026

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March 6, 2024



ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2023

Supplementary schedule required by Revised Securities Regulation Code Rule 68:

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

17A Schedules

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2023

Unappropriated Retained Earnings, December 31, 2022 **₱5,142,398,587**

Add: Category A: Items that are directly credited to Unappropriated Retained Earnings

Reversal of Retained Earnings Appropriation/s	₱-	
Effect of restatements or prior-period adjustments	-	
Others	-	-
		-

Less: Category B: Items that are directly debited to Unappropriated Retained Earnings

Dividend declaration during the reporting period	-	
Retained Earnings appropriated during the reporting period	-	
Effect of restatements or prior-period adjustments	-	
Others	-	
		-
Sub-total		-

Unappropriated Retained Earnings, as adjusted **5,142,398,587**

Add: Net income for the current year **540,486,443**

Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)

Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized fair value gain of investment property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
		-
Sub-total		-

Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)

Realized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized fair value gain of investment property	-	
Fair value adjustment arising from repossessed inventories	(149,230,900)	
		(149,230,900)
Sub-total		(149,230,900)

(Forward)

Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)

Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	P-
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Reversal of previously recorded fair value gain of investment property	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	-
Sub-total	-

Adjusted Net Income 391,255,543

Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)

Depreciation on revaluation increment (after tax)	-
Sub-total	-

Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP

Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others	-
Sub-total	-

Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution

Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	2,905,805
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others	-
Sub-total	2,905,805

Total Retained Earnings available for dividend declaration, December 31, 2023 ₱5,536,647,788

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2023

Ratio	Formula	2023	2022
Current ratio	Current assets / Current liabilities	1.23	1.28
Acid test ratio	Quick assets ¹ / Current liabilities	0.34	0.45
Solvency ratio	EBITDA / Total average debt ²	0.45	0.09
Debt-to-equity ratio	Total liabilities / Total equity	0.45	0.37
Asset-to-equity ratio	Total assets / Total equity	1.45	1.58
Interest rate coverage ratio	EBITDA / Interest expense	4.78	4.01
Return on equity	Net income / Total average equity	0.04	0.01
Return on assets	Net income / Total average assets	0.03	0.01
Net profit margin	Net income / Revenue	0.27	0.12

¹Total current assets excluding real estate inventories and other current assets

²Current and noncurrent portion of long-term debt and payable to landowners