SECURITIES AND EXCHANGE COMMISSION

Form 17-A

PHILIPPINE REALTY AND HOLDINGS CORPORATION

Annual Report Pursuant to Section 17
of the Securities Regulation Code and Section 141
of the Corporation Code of the Philippines

1. For the fiscal year ended: 31st December 2022

2. SEC Identification No.: 99905

3. BIR Tax Identification No.: 116-000-188-233

4. Registrant: Philippine Realty and Holdings Corporation

5. Country of Incorporation: Philippines

6. Industry Classification Code: Real Estate Developer

7. Address of principal office: One Balete, 1 Balete Drive corner N. Domingo St., Brgy. Kaunlaran Quezon City
   Satellite Office: Unit No. 1609, 16th Floor PSE Centre East Tower, Exchange Road, Ortigas Center Pasig City

8. Registrant's telephone no.: 8631-3179

9. The Registrant has not changed its corporate name and fiscal year.

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Class	No. of shares of common stock outstanding	Debt Outstanding
Common	9,100,102,685 shares	₱0.00

11. The Registrant's common shares are listed on the Philippine Stock Exchange

12. The Registrant has filed all reports required to be filed by Section 17 of the Securities Regulation Code and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporate Code during the preceding 12 months.

    The Registrant has been subject to such filing requirements for the past 90 days.

13. The aggregate market value of voting stocks held by non-affiliates representing 2,602,622,520 common shares is ₱494,498,279 computed on the basis of ₱0.19 per common share as of close of December 31, 2021.

14. The Registrant has filed all documents and reports required to be filed by Section 17 of the Code.

TABLE OF CONTENTS

PART I

BUSINESS AND GENERAL INFORMATION

Item 1. Business

Philippine Realty and Holdings Corporation (hereinafter referred to by its trading symbol **RLT** or the "**Parent Company**") was incorporated and registered with the Philippine Securities and Exchange Commission (**SEC**) on July 13, 1981, with a corporate life of fifty (50) years, and an initial capitalization of ₱2,000,000.00.

On September 7, 1987, the Parent Company was listed on the Philippine Stock Exchange (**PSE**).

The Board of Directors approved on April 18, 2018, the amendment of the Parent Company's Articles of Incorporation (**AOI**) for the purpose of increasing RLT's Authorized Capital Stock (**ACS**) that was necessary to accommodate the issuance of new, primary shares from the increased capital stock in favor of Greenhills Properties, Inc. (**GPI**), a corporation incorporated under the laws of the Philippines, in exchange for prime real properties that GPI will contribute into RLT as capital.

The property-for-share swap transaction involves GPI contributing into RLT two (2) vacant lots located in the BGC more particularly described as follows: 1) Lot 1 Block 8 containing 1,600 sq.m., located at the corner of 6th Avenue and 24th Street; and 2) Lot 4 Block 8 also containing 1,600 sq.m., located at 6th Avenue corner 25th Street. Lot 1 Block 8 is registered under the name of GPI. GPI also acquired Lot 4 Block 8 from its wholly owned subsidiary, Lochinver Assets Inc. (**LAI**), by way of a merger approved by the SEC on November 28, 2012, with GPI as the Surviving Corporation and LAI as the Absorbed Corporation.

The said transaction also involves RLT issuing 4,177,777,778 new common shares from the increase in its ACS, in favor of GPI in exchange for the two (2) vacant lots in BGC that GPI will contribute to RLT as capital.

In the above-described transaction, RLT engaged the services of a PSE-accredited firm to come up with a Valuation and Fairness Opinion Report. The said PSE-accredited firm expressed the opinion that the method employed by RLT is a fair basis for determining the transaction price (and the transaction value) for the issuance of new shares from an increase in the ACS.

On May 14, 2019, the SEC approved the increase in the Parent Company's ACS from ₱4,000,000,000.00 divided into 8,000,000,000 shares with a par value of ₱0.50 per share to ₱8,000,000,000.00 divided into 16,000,000,000 shares with a par value of ₱0.50 per share. This was after the approval by a majority of the Board of Directors on April 18, 2018 and by the vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock on July 23, 2018.

On 22 June 22, 2021, the tax-free exchange of properties for shares transaction by and between RLT and GPI was completed.

On 22 June 22, 2021, RLT, through its external legal counsels, received from the Registry of

Deeds for Taguig City, the land titles covering the two (2) vacant lots located in the BGC as described above, contributed by GPI as equity into RLT, already registered under the name of RLT.

Also on 22 June 22, 2021, in exchange for the two (2) BGC vacant lots, RLT issued 4,177,777,778 new common shares from its increased capital stock, in favor of GPI.

With the issuance of new shares in its favor, GPI owned 5,933,556,844 shares in RLT, bringing its percentage ownership to 65.20% from 35.67%. The remaining shares of RLT are owned by various individuals and institutional stockholders.

As of December 31, 2022, 9,100,102,685 shares are subscribed and outstanding.

The principal activities of the Parent Company include the acquisition, development, sale, and lease of all kinds of real estate and personal properties, and as an investment and holding company.

The Parent Company's registered office is at One Balete, 1 Balete Drive Corner N. Domingo Street, Barangay Kaunlaran, District 4, Quezon City 1111, Philippines.

Subsidiaries

RLT has organized/invested in the following subsidiaries and affiliates (RLT together with its subsidiaries and affiliates are referred to herein as "**RLT Group of Companies**" or simply "**RLT Group**").

PRHC Property Managers, Inc. (100% owned)

PRHC Property Managers, Inc. (**PPMI**) was incorporated in May 1991 to oversee the administration, operation and monitoring of RLT's growing number of real estate properties. Its clients include Philippine Stock Exchange Centre Condominium Corporation, Casa Miguel Condominium Corporation, Andrea North Condominium Corporation, Nobel Plaza Condominium Corporation, LTA Condominium Corporation, Greenrich Mansion Condominium Corporation, Seibu Tower Condominium Corporation, etc.

PPMI ensures that the properties are managed according to the established requirements and standards in the industry.

PPMI also leases from the Parent Company and operates for lease, the El Retiro Baguio vacation home, a luxury vacation house that has seven bedrooms and can accommodate up to 20 persons. El Retiro Baguio sits on a 1.6-hectare property.

Tektite Insurance Brokers, Inc. (100% owned)

Tektite Insurance Brokers, Inc. (**TIBI**) was incorporated in January 1989 as Philrealty Insurance Agency. Due to increasing demand, it was reorganized to become an insurance brokerage firm in 1994. Major clients include RLT Group of Companies, RG Meditron, Philippine Stock Exchange Centre Condominium Corporation, Icon Plaza Condominium Corporation and Develop Dimension Inc., etc.

Universal Travel Corporation (81.53% owned)

Universal Travel Corporation (**UTC**) was incorporated in October 1993 and was engaged in the business of travel services by providing, arranging, marketing, engaging or rendering advisory and consultancy services relating to tours and tour packages. UTC catered principally to the offices at the Tektite Towers (formerly Philippine Stock Exchange Centre). In August 2018, the Company ceased its travel agency business operations on a voluntary basis due to continuing losses and increasing capital deficiency. The terminated employees of UTC were all paid their separation benefits and all creditors were also paid prior to the temporary cessation of its business operations. This move is part of the business rationalization process presently being undertaken by RLT wherein the Parent Company is seeking to explore new investment/business opportunities while at the same time lightening up on existing unrelated or unprofitable investments.

Sultan's Power Inc. (100% owned)

Sultan's Power, Inc. (**SPI**) was incorporated under Philippine laws and registered with the SEC on March 19, 2015 as a holding company. SPI achieved majority ownership in Recon-X Energy Corporation (**Recon-X**) by acquiring 51% of the total issued and outstanding shares of the latter company.

RECON-X was incorporated under Philippine laws and registered with the SEC on June 27, 2014 to engage in the business of recycling and converting plastics into fuel (gasoline, diesel and kerosene) using patented technology. The process was duly certified on November 2, 2015, by the Intellectual Property Office of the Philippines (**IPOPHL**) for "Improved Method of Converting Land-Filled Plastic Wastes into Hydrocarbon Fuel", certified by the Department of Science and Technology (**DOST**) and by the Department of Energy (**DOE**). As of December 31, 2021, RECON-X procured the additional catalysts and materials needed for the plastic-to-diesel conversion plant to process plastic wastes into fuel. In 2022, RECON-X underwent physical plant improvements and debottlenecking to enhance the yield of converted fuels. Given the ongoing streamlining of operations and training of employees for production, RECON-X is set to commence its commercial operations in the second quarter of 2023 as it has already officially produced its first batch of fuel.

Products and Services

The principal products or services of RLT, which are derived from domestic sales and their relative contribution to total revenues, are as follows:

	2022	2021	2020
Sale of Condominium Units	25.62%	17.00%	37.54%
Leasing	6.41%	6.11%	9.83%
Property Management	3.95%	4.06%	6.08%
Insurance Brokerage	0.63%	0.50%	0.63%
Other Income	61.58%	70.41%	45.92%
Total	100%	100%	100%

Sale of Condominium units

RLT developed and sells high-end condominium units in the Skyline Tower and the SkyVillas Tower located at One Balete Drive corner N. Domingo Street, Quezon City and is now planning on developing a new luxury residential tower in the BGC.

In addition, the Parent Company entered into two (2) joint venture arrangements with Xcell Property Ventures Inc. (**Xcell**) for the development of the Icon Residences (a 2-tower residential condominium building) and Icon Plaza (residential/commercial condominium building). RLT contributed the parcels of land located at the Bonifacio Global City (**BGC**) where the Icon Residences Towers and the Icon Plaza Tower were constructed thereon. Xcell provided the funds for the construction of the condominium towers. The Parent Company has several units for lease at Icon Residences and at Icon Plaza at the BGC.

Leasing

RLT has investment properties, such as residential and commercial office and storage units and parking slots, for lease at the following locations: 1) Tektite Towers (formerly Philippine Stock Exchange Centre) located at Exchange Road, Ortigas Center Pasig City; 2) Icon Plaza located at 5th Avenue, BGC, Taguig City; 3) Icon Residences Tower 1; 4) Skyline Tower; and 5) SkyVillas Tower. The latter two (2) towers are located at the One Balete Compound, One Balete Drive corner N. Domingo Street, Quezon City. The contracts of lease are renewable for periods ranging from six months to five years.

The Company is also sub-leasing two parcels of land with total area of 3,200 square meters located along 5th Avenue BGC, Taguig City where one parcel of land houses commercial units for lease.

RLT is also leasing to tenants approximately 500 sq.m. of the Ground Floor space of the One Balete Building located at One Balete Drive corner N. Domingo Street, Quezon City.

On December 16, 2020, RLT and PPMI entered into a Lease and Hotel Management Services Agreement, wherein the latter leased, operates, and manages RLT's "El Retiro" property located in Baguio City.

Property Management

RLT's property management subsidiary, PPMI, oversees the administration, operation and monitoring of real estate assets of other companies.

Insurance Brokerage

TIBI operates as an insurance brokerage firm for RLT and other companies.

Employees

RLT has a total workforce of 58 employees as of December 31, 2022, classified as follows:

Staff	26
Managerial	27
Executive	9
Total	**62**

The Company expects to more or less maintain its number of employees in the next 12 months. There is no existing Collective Bargaining Agreement (**CBA**) between the Company and its employees as there is no labor union in the Company. The Parent Company has the following supplemental benefits for its employees: (a) Health Care; (b) Group Life Insurance; (c) Retirement Plan and (d) Profit-sharing based on the Parent Company's By-Laws.

Item 2. <u>Properties and Projects</u>

<u>The Parent Company's Projects</u>

RLT has developed unique and trend setting projects, such as the following:

1. ***<u>The Alexandra</u>***. The Alexandra was the first to offer consumers the combination of high-rise condominium and subdivision living. It is a luxury mid-rise development with a ratio of one sq.m. of land for every two sq.m. of sold floor area. As the first gated vertical community in Metro Manila, The Alexandra was one of the most coveted addresses in its heyday. The community is composed of 11 buildings that range from 5 to 14-storeys high. There are only 360 units in the 4.2 ha. property, all of which are 3-bedroom apartments with floor areas ranging from 182 to 250 sq.m. The narra flooring, marble baths, landscaped gardens, and the ratio of space to the number of occupants, all right in the Ortigas Center central business district made this a community like no other.

2. ***<u>Tektite Towers (formerly Philippine Stock Exchange Centre)</u>***. Launched as Tektite Towers in 1989 and fully completed in January 1996, The Tektite Towers (formerly Philippine Stock Exchange Centre) held the title for the **largest office building complex for decades after its completion**. With twin towers consisting of 33 stories each, more than 1,700 parking spaces, wide hallways, spacious offices, combine to encompass more than 18 has. of covered space. Bridging the East and West Towers was the 4-storey official headquarters of the Philippine Stock Exchange, Inc. (**PSEI**) until it moved to its new location in BGC in 2018. On the ground floor, directly beneath what used to be the PSEI trading floor is a multi-purpose auditorium with a 400-person capacity.

3. ***<u>La Isla Condominium</u>***. La Isla Condominium has only 28 units ranging from 270 sq.m. 2-bedroom units to 580 sq.m. loft apartments, 2 units per floor, with elevators that open directly to the unit owner's own foyer. Solid narra floors, marble baths, 2 to 4 parking spaces per unit, and extra storage space in the basement. La Isla Condominium is still among the most exclusive residential development in the metropolis, with units still in great demand, close to two decades after its completion. The building was named for its 360° view, never to be impeded by a neighboring building. It is an island in the heart of the Ortigas Central Business District (**CBD**).

4. ***<u>The Alexis</u>***, a low-rise condominium within an upscale subdivision.

5. ***<u>Casa Miguel</u>***. A 4-storey walk-up residential condominium in San Juan, Metro Manila.

6. ***<u>One Balete Compound</u>***. Formerly known as Andrea North Complex, RLT's One Balete Compound, located in a 2.8 ha. property in New Manila, Quezon City, which used to be the Pepsi Cola complex in New Manila, was launched after the full completion of The Tektite Towers (formerly Philippine Stock Exchange Centre) in January 1996. It is situated at the corner of Balete Drive and N. Domingo Street. The Complex will be comprised of a 5-tower luxury development. This project is an Alexandra-type upscale and high-rise condominium complex.

The first tower, the 341-unit Skyline Tower, was completed in September 2011, and the second tower, started on November 16, 2012, and completed in 2017, is SkyVillas Tower, a 165-unit, 31-storey luxury condominium that features only 2 to 8 units per floor.

7. ***The Icon Residences***. A completed 2-Tower condominium joint venture project with Xcell located in BGC, consists of minimum saleable areas (excluding parking) of 18,640 sq.m. and 219 parking units.

8. ***The Icon Plaza***. A completed mixed-use condominium building which was started in mid-2010, is comprised of commercial/retail spaces, office suites and residential units with a minimum saleable area (excluding parking) of 28,043 sq.m. and parking spaces of 350 units. The Icon Plaza was another joint venture project with Xcell located in the BGC.

9. ***El Retiro, Baguio City***. El Retiro is a premier luxury serviced residence and events venue in Baguio, offering an exclusive and luxurious way for families and large groups to spend a relaxing vacation in the City of Pines. El Retiro is a project of RLT and PPMI, and is located at 20 Outlook Drive, Barangay Outlook, Baguio City. El Retiro provides easy access to restaurants, shops, and popular tourist landmarks such as The Mansion, Wright Park, Mines View, St. Joseph's Church, Camp John Hay, Baguio Country Club, and everything else Baguio has to offer.

   With a rich history, El Retiro retains the charms of a heritage home combined with modern conveniences and a traditional farmhouse interior. The beautifully restored mid-century mansion preserved its original structure and natural surroundings. The 1.6-hectare property is also home to one of the oldest trees in Baguio. Once the ancestral home of affluent families, El Retiro provides visitors with a glimpse into the past, creating a sense of nostalgia.

The Parent Company's Properties

Land bank

The Parent Company's land bank are as follows:

Properties	Location	Area in sqm.
One Balete Compound	Quezon City, Metro Manila	8,968.87
El Retiro Estate	Baguio City	16,158.00
Lots 1 and 4, Block 8	BGC, Taguig City	3,200.00
San Fernando City, La Union	San Fernando City, La Union	33,122.00

Leased Properties

The Parent Company has an existing lease contract with GPI which allows RLT to sublease, two parcels of land located along 5th Avenue at the BGC, with a total area of 3,200 sq.m. more or less. The lease agreement is for a period of 15 years.

Rental Properties

The Parent Company's properties for lease are largely office and storage units, parking slots, commercial spaces, commercial strips and residential condominium units. These are as follows:

<u>Tektite Towers properties located at Ortigas Center, Pasig City</u>

Units for Lease	Number of units
Office condominium units	27
Commercial condominium units	19
Storage spaces	62
Parking spaces	328

<u>Icon Plaza properties located at BGC, Taguig City</u>

Units for Lease	Number of units
Condominium units	10
Storage spaces	2

Majority of the units in Tektite Towers, Icon Plaza, Icon Showroom Building and Lot 2 Block 8 BGC, as well as a portion of the One Balete Building are leased out to individuals or corporate entities. In 2022, the Parent Company generated a total of ₱56.34 Million in lease income from these properties.

<u>El Retiro property in Baguio City</u>

On December 16, 2020, RLT and PPMI entered into a Lease and Hotel Management Services Agreement, wherein the latter leased the said property from the former, with the end in view of operating and managing El Retiro into a luxury, serviced residence and to cater to special events and functions such as weddings, baptisms, small conferences, etc.

<u>Mortgage, lien or encumbrance over some properties</u>

The Parent Company has some parcels of land, condominium units in SkyVillas Tower and in Tektite Towers that are mortgaged with the Philippine Bank of Communications (**PBCOM**) and with the Philippine National Bank (**PNB**).

Item 3. <u>Legal Proceedings</u>

The Parent Company is currently not involved in any claim or pending lawsuits.

Certain subsidiaries are defendants or parties in various lawsuits and claims involving civil and labor cases. In the opinion of the subsidiaries' management, these lawsuits and claims, if decided adversely, will not involve sums having material effect on the subsidiaries' financial position or results of operations.

Management believes that the final settlement, if any, of the foregoing lawsuits or claims would not adversely affect the Company's financial position or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the calendar year covered by this report.

Part II
SECURITIES OF THE REGISTRANT

Item 5. Market for Registrant's Common Shares and Related Stockholder Matters

Market Information

Principal market for the Registrant's common shares: Philippine Stock Exchange

High and low sales prices for each quarter for years 2020, 2021, and 2022 based on Philippine Stock Exchange's Daily Quotation Report

	2020		2021		2022	
	High	High	High	Low	High	Low
1st Quarter	0.28	0.27	0.27	0.27	0.24	0.21
2nd Quarter	0.25	0.45	0.45	0.24	0.24	0.23
3rd Quarter	0.22	0.25	0.25	0.21	0.21	0.21
4th Quarter	0.33	0.21	0.21	0.31	0.20	0.18

Holders

As of December 31, 2022, the Parent Company has 2,316 stockholders. The list of the top 20 stockholders of the Parent Company as of December 31, 2022 appears below:

Name of Stockholder	Citizenship	No. of Shares	Percentage (%)
Greenhills Properties, Inc.	Filipino	5,933,556,844	65.20%
PCD Nominee Corporation	Filipino	2,182,713,299	23.99%
Campos, Lanuza & Co., Inc.	Filipino	275,196,201	3.02%
Gerardo Domenico Antonio Lanuza	Filipino	219,843,366	2.42%
PCD Nominee Corporation - NF	Filipino	66,253,672	0.73%
Belson Securities, Inc.	Filipino	30,580,956	0.34%
Socorro C. Ramos	Filipino	21,291,750	0.23%
Brisot Economic Dev. Corp	Filipino	15,280,621	0.17%
Vulcan Industrial & Mining Corp.	Filipino	15,159,434	0.17%
Ramon de Leon	Filipino	11,810,854	0.13%
Calixto Laureano	Filipino	11,810,854	0.13%
Ricardo Leong	Filipino	11,810,854	0.13%
Oscar S. Cu ITF Anthony Cu	Filipino	7,390,000	0.08%
Meridian Securities	Filipino	6,269,888	0.07%
Guoco Sec (Phils) Inc.	Filipino	5,961,532	0.07%
Guild Securities	Filipino	5,598,162	0.06%
E. Chua Chiaco Securities, Inc.	Filipino	5,538,016	0.06%
Citisecurities, Inc.	Filipino	5,408,078	0.06%
National Bookstore, Inc.	Filipino	5,393,450	0.06%
Wellington Chan	Filipino	5,185,801	0.06%
Total		**8,842,053,632**	**97.18%**

Dividends

No dividend was declared by the Parent Company since its last declaration on October 24, 1995. There have been no unappropriated retained earnings distributed to stockholders since 1997. In 1996, the Board of Directors approved the appropriation of ₱250 Million of the Parent Company's retained earnings for the purchase of its own capital stock. In 2018, the Board of Directors approved the reclassification of ₱140.3 Million Appropriated Retained Earnings for Treasury Stock Acquisitions to Unappropriated Retained Earnings.

Recent Sales of Unregistered Securities

For the year 2022, the Parent Company had no sales of unregistered securities.

Part III
FINANCIAL INFORMATION

Item 6. Management's Discussion and Analysis of Financial Condition or Results of Operation

I. REVIEW OF CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDING DECEMBER 31, 2022 VS. DECEMBER 31, 2021

For the years ended December 31 (In millions)				
	2022 (Audited)	**2021 (Audited)**	**Change in Peso**	**Change in Percentage**
Revenue				
Sales of real estate	₱225	₱154	₱71	46%
Rent	56	55	1	2%
Management fees	35	37	(2)	(6%)
Interest income	16	17	(1)	(9%)
Commission	6	5	1	23%
Other income	541	637	(96)	(15%)
TOTAL	**878**	**905**	**(27)**	**(3%)**
Costs and Expenses				
Cost of real estate sold	106	113	(7)	(6%)
Cost of services	63	69	(6)	(9%)
General and administrative	336	304	31	10%
Finance cost	64	71	(7)	(10%)
Equity in net loss of associates	1	4	(3)	(68%)
Other expenses	3	91	(88)	(97%)
TOTAL	**573**	**653**	**(80)**	**(12%)**
INCOME BEFORE INCOME TAX	306	252	53	21%
INCOME TAX EXPENSE	125	60	66	110%
NET INCOME	**₱180**	**₱193**	**(₱12)**	**(₱6%)**
OTHER COMPREHENSIVE INCOME	13	11	3	27%
TOTAL COMPREHENSIVE INCOME	**₱194**	**₱203**	**(₱9)**	**(5%)**

1. **Consolidated net income after tax**. Philippine Realty and Holdings Corporation posted net income after tax of **₱180 Million** for the 12 months ended December 31, 2022 compared to ₱193 Million net income after tax for the same period last year. The decrease in the Company's profitability is explained below.

   a. **Income**

      1. **Sales of real estate.** The sales of real estate increased by ₱71 Million or by 46% for the 12 months ended December 31, 2022 compared to the sales of real estate for the same period in 2021. Sales of real estate pertains to units sold at the Skyline and SkyVillas Towers located in Quezon City, and at The Icon Plaza located in Bonifacio Global City.

      2. **Management fees.** Property management fees decreased by ₱2 million or by 6% due to the decrease in the number of clients of PRHC Property Managers, Inc. (**PPMI**).

3. **<u>Interest income.</u>** Interest income decreased by 9% due to lower interest income and penalties collected in 2022 from buyers due to late payments compared to last year.

4. **<u>Commission income.</u>** Commission income increased by ₱1 Million or 23% due to an increase in clients by the Company's insurance brokerage firm.

5. **<u>Other income.</u>** Other income for the twelve months ended December 31, 2022 decreased by ₱96 Million or by 15% compared to the twelve months ended December 31, 2021. Other income consists largely of Gain on fair value changes in Investment Properties that decreased by ₱92 Million in 2022 or by 15% compared to 2021. Investment Properties consist largely of land, commercial, office, storage condominium units as well as office and residential parking spaces held to earn rentals or for capital appreciation (or both). The Group's properties located in the Tektite Towers (formerly Philippine Stock Exchange Centre) (**PSEC** which is also known as Tektite Towers), a vacant lot in the Bonifacio Global City (**BGC**), residential and office/commercial units in The Icon Plaza located in the BGC, The El Retiro Mansion in Baguio City, and commercial lots in San Fernando City, La Union, are classified as Investment Properties.

b. <u>Costs and Expenses</u>

1. **<u>Cost of real estate sold</u>**. In terms of percentage to Sales of real estate, Cost of real estate sold decreased to 60% in 2022, whereas it was at 87% of Sales of real estate for the same period in 2021.

2. **<u>Cost of services.</u>** The cost of service decreased to ₱63 Million from ₱69 Million from the same period last year due to lower expenses such as Condominium dues, Real property taxes, and Other costs in the year 2022.

3. **<u>General and administrative expenses</u>.** General and administrative expenses increased by ₱31 Million or by 10%, mainly due to the ₱19 Million increase in Taxes and licenses.

4. **<u>Finance cost</u>.** The ₱7 million decrease in Finance Cost was due to lower finance cost charged to operations in 2022.

5. **<u>Equity in net loss of associates</u>.** The 68% decrease was due to the decrease in the Net Loss from operations of one of the Parent Company's Associate companies.

6. **<u>Other expenses</u>.** The ₱88 million decrease in Other Expenses is explained by the reversal of the ₱89 million Gain on Sale of an Investment Property booked in 2014 due to the cancellation of the said installment sale transaction in 2021.

7. **<u>Income Tax expense</u>.** The increase in Income Tax Expense by ₱66 Million was due to the reduction in the income tax rate under the CREATE Act from 30% to 25% the full adjustments on which, affecting prior years, were made

in 2021. The Group also reflected the impact of the changes in tax rates on its Deferred Tax Assets and Deferred Tax Liabilities in 2021.

c. **Other Comprehensive income.** The increase was due to remeasurement gain on retirement benefit obligation on the Group's Retirement Fund.

d. **Subsidiaries.**

The contributions of the Parent Company's subsidiaries to revenues and net income are shown below.

1. **PRHC Property Managers, Inc. (PPMI)**. The Parent Company's property management subsidiary registered a Total Comprehensive income of ₱8.8 Million for the twelve months ended December 31, 2022. It is higher by ₱11.7 Million compared to the Total Comprehensive loss of ₱2.1 Million registered by PPMI for the same period last year.

2. **Tektite Insurance Brokers, Inc. (TIBI)**. The Group's insurance brokerage firm posted a Total Comprehensive Income of ₱0.999 Million for the twelve months ended December 31, 2022 which is higher by ₱0.484 Million compared to the ₱0.337 Million Total Comprehensive income registered by TIBI for the same period last year.

II. REVIEW OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDING DECEMBER 31, 2022 VS. DECEMBER 31, 2021

As of December 31 (In millions)				
	2022 (Audited)	2021 (Audited)	Change in Peso	Change in Percentage
Assets				
Cash and cash equivalents	₱164	₱203	(₱39)	(19%)
Financial assets	43	44	(2)	(4%)
Trade and other receivables – net	542	594	(51)	(9%)
Real estate inventories	2,086	2,136	(50)	(2%)
Prepayments and other assets – net	413	411	2	1%
Investments in and advances to associates - net	58	60	(1)	(2%)
Property and equipment – net	60	73	(13)	(17%)
Investment properties – net	4,926	4,406	520	12%
Other Assets	299	304	(5)	(2%)
TOTAL	**₱8,593**	**₱8,231**	₱362	**4%**
Liabilities				
Trade and other payables	₱195	₱222	(₱27)	(12%)
Loans and Notes Payable	894	812	82	10%
Retirement benefit obligation	67	71	(4)	(6%)
Other liabilities	911	797	113	14%
TOTAL	**2,066**	**1,902**	164	9%
Equity				
Capital stock	5,056	5,056	0	0%
Reserves	66	52	13	26%
Retained Earnings	1,537	1,350	187	14%
TOTAL	**₱6,658**	**₱6,458**	**₱200**	**3%**

1. **Total assets**. The Group's Total assets stood at ₱8.6 Billion as of December 31, 2022, higher by ₱362 Million compared to the ₱8.2 Billion level of Total assets as of December 31, 2021.

Cash and cash equivalents decreased by ₱39 Million due to payments by the Company to their suppliers.

Trade and Other receivables decreased by 9% million due to collections of receivables in 2022 and were also reduced by the additional Allowance for Impairment Loss booked in 2022.

The Company's Real estate assets accounted for 82% of the Total assets of the Company as of December 31, 2022, compared to 79% for the same period last year.

Property and equipment decreased by ₱13 million mainly due to depreciation for the year.

Investment properties increased by ₱534 Million or from ₱4.4 Billion in 2021 to ₱4.9

Billion in 2022 largely due to recognition of gain on fair value adjustments on the Parent Company's existing Investment Properties.

2. **Total liabilities.** Total liabilities increased by ₱164 Million largely due to additional loans acquired by the Parent Company and increase in Deferred tax liabilities because of the fair value gain on Investment properties.

   Trade and other payables decreased by ₱27 million due to payments made to several suppliers and contractors.

   Loans and notes payable increase by 10% because of additional Loans acquired by the parent Company in the year 2022.

   Retirement benefit obligation was reduced to ₱67 million from ₱71 million due to the decrease in the present value of the defined benefit obligations.

   Other Liabilities are comprised of Lease Liability and Deferred Tax Liability. They increased due to higher deferred tax liabilities because of the recognition of Gain on Change of Market Value of the Group's Investment Properties.

3. **Total Equity.** Total equity was recorded at ₱6.66 Billion as of December 31, 2022, higher by ₱200 million compared to ₱6.46 Billion as of December 31, 2021.

   Reserves increased by 26% due to higher market value in 2022 compared to 2021 of the Parent Company's investments classified as Financial Asset through Other Comprehensive Income.

   Retained Earnings increased by ₱187 million due largely to the Net Income reported by the Parent Company.

III. Performance Indicators

The table below presents the comparative performance indicators of the Company and its subsidiaries.

Performance Indicators	31 December 2022 Audited	31 December 2021 Audited
Current ratio[1]	3.61:1	5.31:1
Debt-to-equity ratio[2]	0.32:1	0.30:1
Asset-to-equity ratio[3]	1.32:1	1.30:1
Book value per share[4]	₱0.73	₱0.70
Earnings per share[5]	₱0.02	₱0.02

[1] *Current assets / current liabilities*
[2] *Total debt / consolidated stockholders' equity*
[3] *Total assets / Total stockholders' equity*
[4] *Total stockholders' equity plus Subscriptions receivable / No. of shares outstanding*
[5] *Net income attributable to equity holders of Parent Company / Weighted average no. of common shares issued and outstanding*

The table above reflects the continuing conservative posture of the RLT Group in terms of solvency, liquidity, and profitability.

1. **<u>Current ratio</u>. T**he Group's current ratio remains healthy despite showing a decrease from 5.31:1 in December 2021 to 3.61:1 in December 2022.

2. **<u>Debt-to-equity ratio</u>.** The RLT Group's debt-to-equity ratio remained very conservative at 0.32:1 as of end-2022 and 0.30: 1 in 2021.

3. **<u>Asset-to-equity ratio</u>.** Similarly, the asset-to-equity ratio of the Company also remained very conservative at 1.32:1 in December 2022 from 1.30:1 as of December 2021.

   The steady performance of debt-to-equity ratios and asset-to-equity ratios of the RLT Group for the periods under review clearly demonstrate that the Parent Company's real estate business is currently being financed primarily by funds provided by its shareholders and a small amount of debt.

4. **<u>Book value per share</u>.** The performance of the RLT Group's Book value per share has also been a very encouraging as it showed increase from ₱0.70 per share as of end-December 2021 to ₱0.73 per share as of 31 December 2022.

   There was no issuance, repurchase or payment/repayment of either debt and equity securities nor dividends during the year 2021.

   As of this report, there is no other known event that will trigger direct or contingent financial obligation that is material to the Company. Moreover, there is no material off-balance sheet transaction, arrangement, obligation, and other relationship of the Company with unconsolidated entities or other persons created during this period.

5. **<u>Earnings per share</u>**. The RLT Group's Earnings per share remained at ₱0.02 in 2022.

There are no known events, trends or uncertainties that have material impact on liquidity and will trigger direct or contingent financial obligations including any default or acceleration of an obligation for the twelve months ended period December 31, 2022. Moreover, for this period there is also no known material:

a. Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons;
b. Commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures;
c. Events, trends or uncertainties that have material impact on sales;
d. Any significant elements of income or loss that did not arise from the registrant's continuing operations;
e. Seasonal aspects that have material effect on the financial statements.

Item 7. <u>2022 Consolidated Financial Statements of Philippine Realty and Holdings Corporation and its Subsidiaries</u>.

Please refer to ANNEX B

Item 8. <u>Changes in and Disagreements with Accountants on Accounting and Financial</u>

Disclosures

The auditing and accounting firm of Maceda Valencia & Co. is the Parent Company's and the RLT Group's Independent Certified Public Accountants appointed in the 2022 Annual Stockholders' Meeting. There was no event where Maceda Valencia & Co. and the Company had any disagreement regarding any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

Audit and Audit Related Fees

The professional fees of independent auditors Maceda Valencia & Co. for 2021 and 2022 amounted ₱1,050,000 exclusive of VAT, respectively. Out of pocket expenses are pegged at 15% for 2021 and for 2022.

Tax Fees

In 2022, the Parent Company engaged the services of Maceda Valencia & Co. for tax consulting services.

PART IV
MANAGEMENT AND CERTAIN SECURITY HOLDERS

Item 9. Directors and Executive Officers of the Registrant

The write-ups below include positions held as of December 31, 2022 and in the past five years, and personal data as of December 31, 2022 of directors and executive officers.

Board of Directors

Gerardo Domenico Antonio V. Lanuza*	Chairman
Renato G. Nuñez	Vice-Chairman / Independent Director
Gerardo O. Lanuza, Jr.	Chairman Emeritus
Antonio O. Olbes	Vice-Chairman Emeritus
Alfredo S. Del Rosario, Jr.*	Member
Edmundo C. Medrano	Member
Gregory G. Yang	Member
Andrew C. Ng	Member
Amador C. Bacani	Member
Jomark O. Arollado	Independent Director
Alfonso Martin E. Eizmendi	Independent Director

* *On February 21, 2023, the Board of Directors approved the resignation of Mr. Alfredo S. Del Rosario, Jr. as Director, President and Chief Executive Officer for health reasons effective February 28, 2023; and the election of Mr. Gerardo Domenico Antonio V. Lanuza as President to serve the unexpired term of Mr. Del Rosario.*

Gerardo Domenico Antonio V. Lanuza / 39 – Filipino

Chairman of the Board and President of Philippine Realty and Holdings Corporation. He was Executive Vice President and Chief Operating Officer of Philippine Realty and Holdings Corporation from 2014 to 2019 and was Vice President for Special Projects in 2010. He is a director at various companies such as Greenhills Properties Inc., British United Automotive Corp., A Brown Co. Inc., Klassik Motors Corp., and Campos, Lanuza & Co. Inc., where he also serves as the Vice President for Sales. He earned his Bachelor of Science degree in Legal Management at the De La Salle University, Manila in 2006.

Mr. Lanuza was elected by the Board of Directors of Philippine Realty and Holdings Corporation as President effective March 1, 2023.

Renato G. Nuñez / 53 (Independent Director) - Filipino

Vice-Chairman and Lead Independent Director of Philippine Realty and Holdings Corporation since 2015. Mr. Nuñez is also the current Chairman and Independent Director of PRHC Property Managers Inc. He is currently the President of CATS Motors, Inc., Techglobal Data Center, Inc., Techzone Philippines, Inc., LIA Philfoods, Inc., and Everland Estate Development Corp. Moreover, he is also a current Director of All British Cars, Inc., Cambie Property, Inc. Coventry Motors Corp., and Total Consolidated Asset Management, Inc. Previously, he served as Vice President of Leisure & Resorts World Corp., as well as Midas Hotel & Casino. He was once the Managing Director of Blue Chip Gaming & Leisure Corp., Vice President and

Director of AB Leisure Global, Inc., President of Arwen Gaming & Leisure Specialist, Inc., Vice President for Finance of Binondo Leisure and Resort Corp., and Vice President of AB Leisure Exponent., Inc. He completed his BS Industrial Management Engineering degree Minor in Mechanical Engineering at De La Salle University in 1991.

Gerardo O. Lanuza, Jr. / 76 – Spanish / Filipino

Chairman Emeritus of the Board of Philippine Realty and Holdings Corporation. He is Chairman of Meridian Assurance Corporation, Universal Travel Corporation and Chairman and President of Greenhills Properties Inc. He sits as a Director in the following corporations: Gerzon Management Corporation, Broadford Property Holdings Inc., Merdom Corporation, Al Husn Manila, Inc., Domera Trading Corporation, Chiamil Trading Corporation, Nicora Trading Corporation, Xcell Property Ventures Inc., Julnad Assets Holdings Inc., Mernic Assets Holdings Inc., La Bodequita del Medio Inc., Merlan Holdings Inc., Peridot Asset Holdings Inc., Penzance Properties Holdings Corporation, Ju-Lan Assets Holdings Co. Inc., and Stonehaven Realty Services Inc. He is the nominee of Campos Lanuza & Co. Inc. to the Philippine Stock Exchange. He also serves as Treasurer of Lanuza Asset Holding Co. He was formerly Chairman of International Exchange Bank (**IBank**), Vice Chairman of Philippine Racing Club Inc., Vice President and Director of Makati Stock Exchange, Inc. and Director of Vulcan Industrial & Mining Corporation, Golden Arrow Mining Co., Inc., Apex Mining Co. Inc., Concrete Aggregates Corp., Philippine Overseas Drilling and Oil Development Corp., Surigao Consolidated Mining Co., Inc. and A. Brown Company, Inc. He is a member of the Pasay-Makati Realtors Board, Inc. and Chamber of Real Estate and Builders Association, Inc. He graduated from De La Salle College with a degree in Bachelor of Science in Mechanical Engineering in 1969.

Antonio O. Olbes / 76 - Filipino

Vice-Chairman Emeritus of the Philippine Realty and Holdings Corporation and Director since 1968. He had previously served as Chairman and President of Meridian Assurance Corp. from 1994-2008, and President of Raco Trading Phils., Inc. He was formerly a manager at Sycip, Gorres, Velayo & Co., and was Executive Vice President, in charge of trading, at Francisco de Asia and Co. He held a number of directorships, which includes seats in the following groups: PRHC Property Managers, Inc., Greenhills Properties Inc. (Treasurer), Universal Travel Corporation (Vice-Chairman), ICON Tower Residences, Green Vista Development Corporation, SEBLO Business Holdings Corporation, and Xcell Properties. He has also been named Honorary Consul General (in the Philippines) for the Republic of Nicaragua. He earned his Bachelor of Arts degree in Economics at Holy Cross College, Massachusetts, USA, and his Master's Degree in Business Administration from Bobson College, Massachusetts, USA. He completed his Advanced Management Programme at Oxford University, United Kingdom, in July 1995.

Alfredo S. Del Rosario, Jr. / 67 – Filipino

President and Chief Executive Officer of Philippine Realty and Holdings Corporation since August 1, 2016. Currently, Mr. Del Rosario is Chairman of Recon-X Energy Corporation and is also a member of Board of Directors of PRHC Property Management, Inc., Universal Travel, Inc., Sultan Power, Inc., Rizal MicroBank, and Camera Club of the Philippines Center, Inc. Prior to joining RLT, he worked for Rizal Commercial Banking Corporation (**RCBC**) as Executive Vice President, heading several groups of the bank, including Commercial Banking, Overseas Filipino Banking, and Asset Management and Remedial. Before joining RCBC, he also headed the Trust and Investment Division and Information Technology Division of AB Capital and Investment Corporation as a Senior Vice President. He also held various positions in AsianBank, Bank of America NT & SA Manila, Philippine Airlines, and Ayala Investments & Development Corporation. He graduated from Ateneo de Manila University with a Bachelor of Science degree in Management in 1976. He has taken up units towards an MBA degree at the Ateneo Graduate School and subjects leading to a Juris Doctor degree at the Ateneo Law School.

Mr. Del Rosario resigned as Director, President and Chief Executive Officer of Philippine Realty and Holdings Corporation for health reasons effective February 28, 2023.

Edmundo C. Medrano / 69 – Filipino

Executive Vice President and Chief Operating Officer, Chief Financial Officer and Treasurer of Philippine Realty and Holdings Corporation. He was elected in 2018 as an Independent Director of Credit Information Corporation representing the private sector and Chairman of its Audit Committee. He is currently a member of the Board of Directors of Casa Miguel Condominium Corporation, Universal Travel Corporation, Andrea North Condominium Corporation and Recon-X Energy Corporation. He previously held the positions of Executive Vice President at Philtrust Bank; Vice Chairman, President and Chief Operating Officer at Producers Savings Bank Corporation; Senior Vice President at Asiatrust Development Bank; Senior Vice President at AB Capital and Investment Corporation and Head of Investment Banking and concurrently General Manager of AB Leasing and Finance Corporation; and First Vice President at AsianBank Corporation. He took his Masters of Business Management at the Asian Institute of Management from 1974 to 1976. He graduated from De La Salle College with a Degree of Bachelor of Science in Commerce major in Accounting in 1974, ***Cum Laude***, and Bachelor of Arts major in Economics in 1974, ***Cum Laude***.

Gregory G. Yang / 66 – Filipino

Formerly Senior Vice President and General Manager of the operating company, McGeorge Food Industries (local licensee of McDonald’s). He opened the first McDonald’s in 1981, having trained in Hong Kong and USA for one year and earning a degree in hamburgerology from McDonald’s Hamburger University. His previous work experience includes serving as Assistant Manager of the International Corporate Bank, from 1978 to 1980, and Account Officer at the Makati Leasing and Financing Corporation from 1976 to 1978. He graduated from University of the Philippines in 1976 with a BS Business Administration degree.

Andrew C. Ng / 39 – Filipino

Vice President of Alpha Alleanza Manufacturing, Inc. Philippines since 2009. He was formerly the Assistant Operations Manager Trainee of Pinncale Foods, Inc., Philippines, serving from 2005 to 2009, and was a Management Trainee at Procter & Gamble Philippines in 2004. He earned his Bachelor of Science degree in Industrial Engineering at De La Salle University, Manila in 2005.

Amador C. Bacani / 74 – Filipino

Formerly the President of Philippine Realty and Holdings Corporation from 2002 to 2014. He also worked in the same Company as Executive Vice President from 1995 to 2002. He is currently the President of Xcell Property Ventures, Inc. (a joint venture partner of the

Company). Previously, he was First Vice President and Head of Consumer Banking Group of Rizal Commercial Banking Corporation and served as First Vice President & Head of Branches Operations Support Division as well. He held several other high-level positions in Campos, Lanuza & Co. Inc., Decision Systems Corporation, Security Bank and Trust Company, Allied Banking Corporation, Asian Merchant Finance Inc., Bank of the Philippine Islands, Citibank, N.A. (Manila), and Procter & Gamble Phils., Inc. He graduated with a Bachelor of Science degree in Mechanical Engineering, ***Summa Cum Laude***, from De La Salle College in 1969, and earned his Master of Science in Industrial Administration degree at the Carnegie-Mellon, USA, in 1972.

Jomark O. Arollado / 39 (Independent Director) – Filipino

Served as Plant Manager and Strategic Business Unit ("SBU") Head of Rapid Forming Corporation since 2013. Previously, he was also a Plant Manager of Silangan Philtrade Corporation, serving from 2011 to 2012. His first professional stint at Rapid Forming Corporation was in 2006 as the SBU head. Prior, he worked as the ISO Document Controller at SGV & Co. in 2004. He graduated with a Bachelor of Science degree in Industrial Engineering at Dela Salle University in 2005.

Alfonso Martin E. Eizmendi / 58 (Independent Director) - Filipino

President and CEO of Royal Link Industries Inc., Yields Financial Corporation, Park Cent Tower Realty Corp., and WGP Villa Realty Corp. Aside from Philippine Realty and Holdings Corp., he is also a Director of Meridian Assurance Corp. Secret 6 Inc., CleanPro, Director and President of The Icon Plaza Condominium Corp., Frimar Realty and Frimar USA. He was formerly the Vice-Chairman of Vi@je Corp. from 2000 to 2001, and Chairman of Blue Star Insurance Brokerage from 1998 to 2001. He graduated from De La Salle University in 1986 with Bachelor's Degree in Political Science.

Key Executive Officers

Gerardo Domenico Antonio V. Lanuza	Chairman and President[1]
Alfredo S. Del Rosario Jr.	Director, President and Chief Executive Officer[2]
Edmundo C. Medrano	Director, Executive Vice President and Chief Operating Officer and Treasurer
Erwin V. Ciar	Vice President and Head, Project Construction and Management
Adeline Susan C. Carag	Vice President and Head, Property Management Services
Carlos Miguel T. Paca	Vice President and Head, Business Development and Investment Relations Officer
Richard Nicolas K. Go	Vice President and Head, Sales
Marissa S. Bontogon	Vice President and Controller and Compliance Officer
Rex P. Bonifacio	Corporate Secretary
Mark Anthony M. Ramos	Assistant Vice President for Accounting, Compliance Officer and Data Protection Officer

[1] Elected as President effective March 1, 2023, to serve concurrently as Chairman of the Board
[2] Resigned as President and Chief Executive Officer on February 28, 2023

<u>Erwin V. Ciar / 48 – Filipino</u>

Vice President and Head, Project Construction and Management of Philippine Realty and Holdings Corporation since September 2014. Concurrently, he is also Member of Board of Directors and Treasurer of PRHC Property Managers Inc. Mr. Ciar has extensive work experience for twenty-three years in the fields of project and construction management, construction supervision and contract management. He was the Vice Director PCMD for Bitexco Group of Companies from 2008 to 2014. He graduated at Pamantasan ng Lungsod ng Maynila in 1996 with a Bachelor of Science in Civil Engineering.

<u>Adeline Susan C. Carag / 65 – Filipino</u>

Ms. Carag is currently Vice President and Head, Property Management Services of Philippine Realty and Holdings Corporation. She was formerly the President of PRHC Property Managers Inc. She graduated from Eulogio "Amang" Rodriguez Institute of Science and Technology (**EARIST**) in 1978 with a degree of Bachelor of Science in Chemical Engineering and Bachelor of Science in Industrial Education.

<u>Carlos Miguel T. Paca / 48 – Filipino</u>

Mr. Paca concurrently holds the positions of Vice President Head, Business Development, and Investor Relations Officer of Philippine Realty and Holdings Corporation. He is also the General Manager of PRHC Property Managers Inc. He also holds the position as Member of the Board of Directors of Philippine Stock Exchange Centre Condominium Corporation, Hola Comerciantes, Inc., and Meridian Assurance Corp. He graduated from De La Salle University with a degree of Bachelor of Science, Industrial Engineering with Minor in Mechanical Engineering in 1995.

<u>Richard Nicolas K. Go / 40 – Filipino</u>

Mr. Go is currently the Vice President and Head of Sales of Philippine Realty and Holdings Corporation. He previously worked as Sales Manager at Arthaland Corporation. He graduated from De La Salle University College of Saint Benilde in 2004 with a degree in Hotel, Restaurant and Institution Management.

<u>Marissa S. Bontogon / 50 – Filipino</u>

Vice President and Controller and Risk Officer of Philippine Realty and Holdings Corporation. She is a Certified Public Accountant and Certified Financial Consultant. She received her Bachelor of Science degree in Accountancy from De La Salle University in 1992.

<u>Atty. Rex P. Bonifacio / 51 – Filipino</u>

Atty. Bonifacio is the current Corporate Secretary of Philippine Realty and Holdings Corporation. Concurrently, he is also the Corporate Secretary of the Philippine Stock Exchange Centre Condominium Corporation and a Partner at Pastelero Law Office. He finished his Pre law at San Sebastian College Recoletos Manila in 1992 with a degree in AB Political Science, ***Cum Laude***. In 1996, he completed his Bachelor of Laws degree at the San Sebastian College of Law.

Mark Anthony M. Ramos / 40 – Filipino

Mr. Ramos concurrently holds the positions of Assistant Vice President for Accounting, Compliance Officer and Data Protection Officer. He is a Certified Public Accountant and Certified Internal Auditor. He earned his Masters in Business Administration from the Ateneo Graduate School of Business. He graduated from the Philippine School of Business Administration with a Degree in Bachelor of Science in Accountancy in 2003, ***Cum Laude.***

The Board of Directors of Philippine Realty and Holdings Corporation approved on March 21, 2023, the promotion of Mr. Ramos as Vice President for Accounting and Compliance Officer and Data Protection Officer from Assistant Vice President for Accounting and Compliance Officer and Data Protection Officer.

Significant Employees

Any director or officer who may be elected is expected to make significant contributions to the operations and business of the Corporation. Likewise, each employee is expected to do his share in achieving the Company's set goals.

Family Relationships

Mr. Gerardo O. Lanuza, Jr., Chairman Emeritus of the Board, is the first cousin of Mr. Antonio O. Olbes, and father of Chairman of the Board, Mr. Gerardo Domenico Antonio V. Lanuza. Mr. Gregory Yang is the father-in-law of Mr. Gerardo Domenico Antonio V. Lanuza.

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

None of the Directors or Executive Officers is involved in any material pending legal proceedings in any court or administrative agency of the government.

Item 10. Executive Compensation

	Year	Salary	Bonus	Per Diem	Other Annual Compensation	Total
CEO and 5 most highly compensated executive officers - Edmundo C. Medrano (EVP, COO, Treasurer), Carlos T. Paca (VP Business Development); Erwin V. Ciar (VP Project and Construction Mgt); Marissa S. Bontogon (VP Controller); Adeline Susan C. Carag (VP Property Mgt)	2020 -Actual 2021- Actual 2022- Actual	25.98M 28.54M 28.94M	10.41M None None	0.14M 0.14M 0.14M	None None None	36.53M 28.68M 29.08M
All officers as a group – Other officers include Richard Nicolas K. Go (VP Sales); and Mark Anthony Ramos (AVP – Accounting, Compliance Officer, and DPO.	2020 -Actual 2021-Actual 2022- Actual	1.74M 3.06M 3.13M	None None None	None None None	None None None	₱1.95M 3.06M 3.13M

The Executive Officers are elected annually by the Board of Directors, at its first meeting following the annual stockholders' meeting. Every officer, including the President, is subject to removal at any time by the Board of Directors. All officers hold office for one year and until their successors shall have been duly elected and qualified; *Provided* that any officer elected to fill any vacancy shall hold office only for the unexpired term of the office filled.

The compensation of the Company's executive officers is fixed by the Board of Directors. They are covered by contract of employment and as such they are entitled to all the benefits accruing to salaried employees of the Company.

Compensation of Directors

Directors are entitled to a per diem of ₱6,000 and ₱4,000 allowance for meals and transportation for board meetings attended except for Independent Directors who receive per diem of ₱20,000.00. In addition, the Board of Directors is entitled to a portion of the 5% of Net Income before Tax as profit-sharing incentive for directors, officers and staff.

The directors of the Registrant received per diem in the amount of ₱1,414,000, ₱1,252,000, ₱1,344,000, for 2022, 2021, and 2020, respectively.

Item 11. Security Ownership of Certain Beneficial Owners and Management

a. The following persons are known to the Company to be directly or indirectly the record or beneficial owner of more than 5% of the Company's voting security as of December 31, 2022

Title	Name and Address of Record / Beneficial Owner	Record / Beneficial Ownership	Citizenship	Number of Shares Owned	% Owned
Common	Greenhills Properties, Inc. E-2003B, PSE Centre Exchange Road, Pasig City	"B"	Filipino	5,933,556,844 shares	65.20%
Common	PCD Nominee Corp. MSE Bldg., Ayala Avenue, Makati	"R"	Filipino / Non-Filipino	2,248,966,971 shares	24.72%
Common	Campos, Lanuza & Co., Inc E-2003B, PSE Centre Exchange Road, Pasig City	"R" / "B"	Filipino / American / Spanish / Others	1,389,628,671 shares	15.27%

Note: Greenhills Properties, Inc. is represented by its President, Gerardo O. Lanuza, Jr. and Treasurer, Antonio O. Olbes.

Campos, Lanuza & Co., Inc. is represented by its Chairman, Corazon V. Lanuza and by its President and CEO, Antonio U. Reyes-Cuerva.

PCD Nominee holds 24.72% interest. PCD Nominee is the registered owner of shares beneficially owned by participants in the PCD. Campos, Lanuza & Co. Inc., is a participant of PCD owning 15.27% of the Parent Company's voting securities.

b. Shares held by Directors and Executive Officers as reported by Transfer Agent as of 31 December 2022

Title of Class	Name of Beneficial Owner	Amount and Nature of Class		Citizenship	% Owned
		Direct	Indirect		
Common	Gerardo O. Lanuza, Jr.	2,174,024	204,911,203	Spanish/Filipino	2.27
Common	Antonio O. Olbes	506,388		Filipino	0.00
Common	Gerardo Domenico Antonio V. Lanuza	226,786,043	65,083,203	Filipino	3.21
Common	Alfredo S. Del Rosario Jr.	20,261,000	-	Filipino	0.22
Common	Edmundo C. Medrano	6,000,000	-	Filipino	0.06
Common	Gregory G. Yang	1,831,000	-	Filipino	0.02
Common	Andrew C. Ng	84,000	-	Filipino	0.00
Common	Amador C. Bacani	229,980	-	Filipino	0.00
Common	Renato G. Nuñez	10,000	-	Filipino	0.00
Common	Jomark O. Arollado	10,000	-	Filipino	0.00
Common	Alfonso Martin E. Eizmendi	10,000	-	Filipino	0.00
	Total	**257,902,435**	**269,994,406**		**5.77**

c. Voting Trust Holders of 5% or more

RLT does not know any person/s holding more than 5% of RLT common shares under a voting trust or similar arrangement.

d. Change in Control

At present, there is neither change in control nor is the Parent Company aware of any arrangement that may result in a change in control of the Parent Company since the beginning of the last fiscal year.

Item 12. <u>Certain Relationships and Related Transactions</u>

<u>Related Party Transactions</u>

The Parent Company and its subsidiaries, in their regular conduct of business, enter into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses. These are transactions with subsidiaries, management, leasing and administrative service agreements. Purchase of services to and from related parties are made on an arm's length basis and at current market prices at the time of the transactions.

The RLT Group's related party transactions are made in an arm's length basis. There are no special pricing policy between related parties. Further disclosures were made in the Notes to Financial Statements in Note No. 18. The Parent Company entered into a lease and hotel management arrangement with its subsidiary, PPMI, for RLT's El Retiro Baguio property. PPMI, on the other hand, purchased a condominium unit back in 1996 from the Parent Company, which is fully paid as of this date. The Parent Company also secures insurance through subsidiary, TIBI. The Parent Company is given 90-day period within which to settle the premiums, the same period granted to other customers. Also, the Parent Company extends financial assistance to its subsidiary, PPMI for working capital purposes from time to time as well as secured advances to its indirect subsidiary, Recon-X.

In the transaction involving the exchange of prime real properties of GPI for shares in RLT, two (2) independent property appraisal companies accredited with both the SEC and the PSE were used (and not just one property appraisal company) to determine the fair market values of the properties to be exchanged. Also, the valuation of the RLT common shares was based on the historical 120-day arithmetic average (and not just based on a couple of days) of the Volume Weighted Average Price (**VWAP**) of RLT obtained on a daily basis. Daily volume weighted average prices were used, and 120 days data set was used, to smoothen the peaks and valleys in the said data set.

R. G. Manabat & Co. was also engaged to render a Valuation and Fairness Opinion Report. The result of the Valuation and Fairness Opinion Report prepared for RLT by R. G. Manabat & Co. determined that the transaction price (and the transaction value) for the issuance of new shares from an increase in the authorized capital stock in favor of GPI in exchange for properties that the GPI will infuse into RLT, is fair.

The Company has not entered into any material transaction nor is it a party to any transaction in which any director, executive officer or significant shareholder of the Company or any member of the immediate family of any of the persons mentioned in the foregoing had or is to have a direct or indirect material interest.

Suppliers

The Company has a broad base of suppliers and consultants, both local and foreign. The Company is not dependent on one or a limited number of suppliers.

Customers

The Company sells its condominium units to individuals and corporate buyers.

Government Regulations

Condominium development is governed primarily by P.D. 957 as amended (Regulating the Sales of Subdivision Lots and Condominiums), R.A. No. 4726 (Condominium Act) and R.A. No. 7160 (Local Government Code). Projects are subject to zoning laws of the city or municipality where they are located. Developers are also required to obtain a development permit from the Department of Human Settlements and Urban Development (**DHSUD**) and which is also in charge of issuing Licenses to Sell and Certificates of Registration. An Environmental Clearance Certificate must also be secured from the Department of Environment and Natural Resources (**DENR**). The Company has complied with all governmental requirements and there is no pending application with any government agency that requires approval.

Compliance with Corporate Governance (deleted pursuant to SEC Memorandum Circular No. 5 Series of 2013)

PART V
EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 11- C

1. **Exhibits/Annex**

   A. 2022 Sustainability report
   B. 2022 Consolidated Financial Statements of Philippine Realty and Holdings Corporation and its Subsidiaries
   C. Subsidiaries of the Registrant

2. **Reports on SEC Form 17-C**

1.	February 03, 2022	Receipt of the Certificate of Filing of Amended Articles of Incorporation and By-Laws from SEC on the amendments of its Articles of Incorporation and By-Laws.
2.	February 21, 2022	Approval of the BOD of RLT's application for additional listing in PSE.
3.	March 18, 2022	RLT's notice on the Annual Stockholders' Meeting for 2022.
4.	June 08, 2022	Approval of the BOD of the Money Laundering and Terrorist Financing Prevention Program (MTPP).
5.	July 01, 2022	Result of Annual Stockholders' Meeting and the new set of Directors for the ensuing year.
6.	October 04, 2022	Appointment of Mr. Renato G. Nuñez as acting President and resignation of Ms. Susan Carag as President of PRHC Property Managers Inc.
7	November 16, 2022	Submission of 2022 Corporate Governance Seminar Attendance Certificate

SIGNATURES

Pursuant to Section 17 of the SRC and Section 141 of the Corporation Code the Registrant has duly caused this report to be signed in behalf of the undersigned, thereunto duly authorized in Quezon City on ____________________, 2023.

PHILIPPINE REALTY AND HOLDINGS CORPORATION
Registrant

Pursuant to the requirements of the SRC, this Annual Report has been signed by the following persons in the capacities indicated.

GERARDO DOMENICO ANTONIO V. LANUZA
Chairman and President

EDMUNDO C. MEDRANO
Executive Vice President and Chief Operating Officer and Treasurer

MARK ANTHONY M. RAMOS
Vice President for Accounting, Compliance Officer and Data Protection Officer

REX P. BONIFACIO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this ______ day of _____________, 2023, affiants exhibiting to me their government-issued identification cards, as follows:

Names	ID Number	Date of Issue	Place of Issue
Gerardo Domenico Antonio V. Lanuza	TIN: 243-616-771		
Edmundo C. Medrano	TIN: 134-515-229		
Mark Anthony M. Ramos	TIN: 232-385-404		
Rex P. Bonifacio	TIN: 236-070-936		

NOTARY PUBLIC

ATTY. RUBEN M. AZANES, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2023
PTR NO. 4029325D, 01/08/2023-Q.C.
IBP NO. 293181, 01/10/2023- Quezon City Chapter
Roll of Attorney's No.48427
Admin Matter No.025(2023-2024)
MCLE-VII-0018605-05-24-2022
TIN:140-394-386-000
Unit2 UGF-2 Opulent Bldg. Socorro, Quezon City

Doc. No. 224 ;
Page No. 49 ;
Book No. 94 ;
Series of 2023

ANNEX C

SUBSIDIARIES OF THE REGISTRANT
(as of December 31, 2022)

Name	% of Ownership
Tektite Insurance Brokers, Inc.	100.00%
PRHC Property Managers, Inc.	100.00%
Sultan Powers Inc.	100.00%
Universal Travel Corporation	81.53%

Annex A: 2022 Sustainability Report

Contextual Information

Company Details	
Name of Organization	Philippine Realty and Holdings Corporation ("RLT" or the "Company")
Location of Headquarters	One Balete Building, 1 Balete Drive corner N. Domingo Street, Barangay Kaunlaran, District 4, Quezon City 1111
Location of Operations	▪ New Manila, Quezon City ▪ Ortigas Center, Pasig City ▪ Bonifacio Global City, Taguig City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	▪ PRHC Property Managers, Inc. ("PPMI") ▪ Tektite Insurance Brokers Inc. ("TIBI") ▪ Sultan's Power Inc. ("SPI") ▪ Universal Travel Corporation ("UTC")
Business Model, including Primary Activities, Brands, Products, and Services	To act as a holding company and to invest in, acquire, develop, utilize and dispose of real properties and all kinds of personal property. Specifically, RLT is engaged in: ▪ Investments in businesses ▪ Real estate acquisition and development of premium residential and commercial condominium units for sale or for lease
Reporting Period	1 January 2022 to 31 December 2022
Highest Ranking Person responsible for this report	Edmundo C. Medrano Executive Vice President and Chief Operating Officer and Treasurer

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

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]
Philippine Realty and Holdings Corporation ("**RLT**" or the "**Company**") is a premium property development company in the Philippines. The topics of material importance deal with enhancing equitable and fair return to shareholders, delivering excellent customer value by way of sustainable and energy-efficient development, and giving just and equitable compensation to employees. RLT values enduring relationships with its stakeholders and commits to assisting underprivileged sectors of society in improving the quality of their lives. With this mission in mind and for purposes of the sustainability report, the management team has carefully identified relevant topics and have been evaluated using the global standards/frameworks on materiality assessment which take into consideration the following:

[1] See *GRI 102-46* (2016) for more guidance.

- Influence on stakeholder assessments and decisions; and
- Significance of economic, environmental, social, and governance impacts

These sustainability issues have been analyzed using the materiality matrix in the guidelines (for sustainability reporting) provided by SEC in its Memo No. 4 Series of 2019.

The material topics selected (*see table above*) were arranged from low, medium and high as assessed by the Company's management team. RLT believes that these issues are most likely to affect our business with respect to economic, environmental, social and governance matters.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	**322 million**	₱
Direct economic value distributed:		
a. Operating costs	**169 million**	₱
b. Employee wages and benefits	68 million	₱
c. Payments to suppliers, other operating costs	106 million	₱
d. Dividends given to stockholders and interest payments to loan providers	**64 million**	₱
e. Taxes given to government	**130 million**	₱
f. Investments to community (e.g. donations, CSR)	0	₱

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
RLT is a property development which is engaged primarily in development of real estate properties, sale of premium residential units and commercial condominium units and leasing. It is also invested in enterprises engaged in property management, insurance brokerage and conversion of plastic wastes into fuel (diesel). RLT's activities impacts the following: ▪ Direct and indirect employment of people ▪ Support of SMEs among its suppliers and service providers ▪ Advance payment of income and other taxes in its operations as required by existing regulations	▪ Employees ▪ Contractors ▪ Suppliers ▪ Service Providers ▪ Customers ▪ Stockholders ▪ Creditors ▪ Government ▪ General Public ▪ Communities	RLT has for its objective to continue to provide premium / high-end residential condominium units and commercial units. Its residential condominium units are ideal as home replacement alternatives. RLT makes every effort to ensure that its customers are satisfied in the units that they purchase or lease in terms of quality and property management. The Company also recognizes the risks associated in its activities such as industry competitors, economic trends, events, etc., which may affect the ability of the Company to sustain revenues. Thus, RLT ensures that it is also able to also expand its portfolio of properties for lease to eventually achieve a balance between

▪ Long-term objective of making use of plastics for conversion to fuel		revenues contributed by sales and revenues contributed by leases. RLT aims to be ahead of the industry in terms of product design, which involves research and development and is managed by a team of seasoned professionals that adheres to the principles of best practices and/or business ethics.
What is the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Risk of calamities such as major typhoon, earthquake, fire, global and local health crisis such as pandemics, etc., that may cause disruption of business operations, damages to building structures, accidents or illness to significant number of its employees, residents and tenants in its projects.	▪ Employees, ▪ Customers, ▪ Suppliers, ▪ Contractors	To mitigate the possible impact of the risk, RLT put in place programs/policies such as: ▪ Continuity of business and disaster recovery plan ▪ Cloud-based Computerized Accounting System ("**CAS**") ▪ Set-up work from home video conferencing protocols to be able to continue to function remotely. ▪ Set up pertinent policies and employee trainings/seminars on handling emergency situations. ▪ Emergency first-aid facilities and a full-time Company nurse and Company doctor. ▪ Strict adherence to health protocols prescribed by health authorities and best practices. ▪ In place building and equipment maintenance program. ▪ Property all-risk insurance.
Reputational risk that may result in negative publicity, public perception	▪ Stockholders ▪ Management ▪ Employees ▪ Suppliers ▪ Contractors ▪ Customers	To mitigate and minimize possible impact of reputational risk, RLT ensures that: ▪ The BOD maintains effective oversight over the operations of the Company ▪ The BOD and Management maintain high ethical conduct in line with set corporate values

		▪ Employees are required to maintain a high level of professionalism in dealing with other stakeholders (i.e. customers and suppliers/contractors) ▪ Customer feedback and complaints are seriously taken as a feedback mechanism to improve the Company's business. ▪ Reputable suppliers/contractors are being engaged as "partners" in the development of its projects. ▪ The marketing and sales teams of RLT spearhead the drive to promote community programs. ▪ Data privacy (as required by law) is in place and observed by RLT employees.
Uncontrollable events that may have an adverse impact on RLT's operations and revenue-generating capability, such as the COVID-19 pandemic.	▪ Stockholders ▪ Management ▪ Employees ▪ Suppliers ▪ Contractors ▪ Customers	▪ RLT set in motion and activated its continuity of business plan. ▪ Prioritized the health of its employees and the residents in its projects. ▪ The Company retained all its employees in spite of very challenging business conditions.
What is the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The opportunities identified are: ▪ Prioritize development in areas and markets where there is a need for RLT's products. ▪ Repackage commercial areas for lease to cater to companies looking for alternative office sites and/or offsite disaster recovery sites in the event of city-wide lockdowns.	▪ Customers (existing and potential) ▪ Suppliers ▪ Contractors	▪ RLT's management approach is consultative. ▪ It is very customer-centric. ▪ Because it has a lean organization, it is a very nimble organization and is able to generate consensus very quickly.

Climate-related risks and opportunities[2]

Governance Disclose the organization's governance around climate-related risks and opportunities	
a.) Describe the board's oversight of climate-related risks and opportunities	RLT's Board Risk Oversight Committee shall be responsible for the development and oversight of the risk management program. It shall be composed of at least three (3) members of the BOD including one (1) independent director, and a chairperson who is a non-executive member. It is currently composed of three (3) independent directors including the chairperson, a non-executive director, and an executive director. RLT's Board Risk Oversight Committee Charter (BROC) are disclosed in its website: http://www.philrealty.com.ph/wp-content/uploads/2019/01/Board-Committee-Charters.pdf RLT's BROC duties and responsibilities are disclosed in the latest Manual on Corporate Governance: http://www.philrealty.com.ph/wp-content/uploads/2019/06/Manual-on-Corporate-Governance-Amended-compressed.pdf The Board has mandated that subject to cost-reward considerations, future projects should be energy-efficient and preferably certified as "green-certified" buildings especially for commercial buildings. At the very least, the Company is very committed to strictly comply with the requirements of The Philippine Green Building Code.
b.) Describe management's role in assessing and managing climate-related risks and opportunities	RLT's management team conducts regular discussions/meetings which include monitoring of compliance with government regulations such as in the case of sewage treatment facilities for its buildings that are mostly managed by RLT's subsidiary. RLT's management is also very conscious of the Board's preference for "green" buildings in the projects that are being planned for construction, development and sale (or lease).

[2] Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

Strategy Disclose the actual and potential impacts[3] of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	
a.) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	For the Company's new projects, it is ensured that the location/s is not prone to flooding given historical rainfall records. Earthquake, wind, ventilation and glass curtain consultants are engaged to improve the safety and comfort of future occupants. Climate risks such as very strong typhoons, flooding, earthquakes, strong wind and wind tunnels, extreme heat, etc. that may cause property damage and damage to the building occupants, are being studied seriously.
b.) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	▪ Mitigation of climate-related risks must be built-in into the architectural and engineering and construction planning. ▪ A well-designed and building structure enhances marketability of the units for sale. ▪ A "green-certified" building enhances attractiveness for investors, buyers and lenders (for project financing and end-user buyer consumer loans).
c.) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	These are built into the project planning. Being a developer of high-end to luxury condominium units, top caliber foreign and local architects and topnotch, mostly foreign MEPF consultants are engaged to ensure the safety, luxury and environmentally-efficient designs, construction and materials are used.

Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	
a.) Describe the organization's processes for identifying and assessing climate-related risks	RLT's management and those charged with governance (BOD) have an Enterprise Risk Management plan which contains (1) well-defined risk management goals, objectives and goals, (2) designing and implementing risk management strategies, and (3) continuing assessments to improve risk strategies, processes and measures.
b.) Describe the organization's processes for managing climate-related risks	RLT's identified risks are reviewed at least annually, for risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur (climate-related risks) that are considered that may have major impacts on the Company.
c.) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Identification, assessments, and management of risks (including climate-related) are integrated in the Company's Enterprise Risk Management plan. The Risk Officer, assisted by the Compliance Officer, reviews and assesses compliance and effectiveness of the ERM system and submits an assessment to the Audit Committee and the Board Risk Oversight Committee.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	25% (75% of the budget is for foreign brands or supplied materials but purchased from domestic outlets)	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The impact is in the Company's major consultants, contractors, suppliers of labor and materials and equipment and providers of services and materials sourced from locally based companies but are carrying imported equipment and materials.	▪ Consultants ▪ Contractors ▪ Suppliers of labor and materials and equipment	▪ RLT follows strict prequalification and bidding procedures in dealing with its architects, consultants, suppliers, and contractors. ▪ RLT has established terms of reference and a database of reputable architects, consultants, suppliers, and contractors that can perform the necessary services with high standards and ensure that materials sourced are of first-class quality.
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
Poor project management of suppliers/contractors/sub-contractors in terms of delayed delivery of services and/or materials that would result in increases in project costs and/or delayed project completion.	Customers	To address this risk, RLT decided to monitor projects using its in-house project management and monitoring team to ensure quality management.
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
Performance is assured in contract management and penalties are imposed for	▪ Architects ▪ Consultants ▪ Contractors	▪ Most of the architects, consultants, suppliers and contractors of RLT are well known to the Company as

[3] For this disclosure, impact refers to the impact of climate-related issues on the Company.

non-performance or delayed performance	▪ Suppliers	reliable being partners from past projects. ▪ In spite of this, prudent contract management is being observed to protect the interest of the Company

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	0	%
Percentage of employees that have received anti-corruption training	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The impact occurs at the primary business operations level in terms of obtaining permits, licenses, payments of taxes, property registrations, etc.	▪ Employees ▪ Customers	▪ RLT has established a code of conduct and behavior that include provisions on anti-corruption guidelines. ▪ The BOD and Management ensure that all RLT personnel perform their duties in accordance with best practices and with integrity. ▪ A policy on conflict of interest and related party transactions has been formulated and approved by the Board.
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
Delays in obtaining requisite documents, licenses, clearances, approvals, permits, tax clearances, registration	▪ Stockholders ▪ Management ▪ Employees ▪ Customers ▪ Suppliers ▪ Contractors	▪ RLT ensures that its documentation is always complete ▪ Employees are required to observe business ethics in their dealings with government agencies, customers, and suppliers/contractors.

		▪ A feedback mechanism is in place so that our employees will abide by best practices in the performance of their duties. ▪ Employees are made aware that the Company will have zero tolerance with regard to corruption activities.
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
Provide seminars, trainings and workshop to strengthen awareness among employees relative to anti-corruption programs	Employees	▪ RLT has a policy on the development of its employees which include strengthening professional standard of conduct and behavior. ▪ A "no gifts" policy will be instituted to prohibit employees from accepting gifts of any kind directly or indirectly from customers and/or suppliers/contractors.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Issue of personal integrity in the reporting of attendance. The offense was uncovered by the audit process.	▪ Employees ▪ Management	▪ Reiteration of policy on the importance of integrity ▪ All possible incidence of corruption will ultimately be discovered and shall be dealt with accordingly subject to observance of laws and regulations and due process.
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant risks identified		

What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
▪ Emphasis on importance of integrity and honesty in day-to-day operations ▪ Reiteration of the adage "crime does not pay"	▪ Employees ▪ Management	▪ RLT is committed to subscribing to all applicable laws and regulations, ethical standards, and industry best practices in its operations. ▪ RLT expects no less from its Board of Directors, Management, employees, and business partners.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	193 liters	GJ
Energy consumption (electricity)	257,640	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	-	GJ
Energy reduction (LPG)	-	GJ
Energy reduction (diesel)	-	GJ
Energy reduction (electricity)	Not readily available	kWh
Energy reduction (gasoline)	-	GJ

RLT has no comparable data available for year-on-year comparison.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
▪ The business model of RLT involves the construction, development, and sale of condominium units. In the process, RLT transfers unto the condominium corporations formed the titles to the land and all the common areas of the project. The buildings/projects are then managed by the said condominium corporations that are independent of the influences of RLT. ▪ Thus, RLT has no influence in the management of the condominium buildings that it constructs, once	▪ Customers ▪ Condominium corporations ▪ Suppliers ▪ Contractors (in terms of workmanship warranties)	▪ In the future, RLT shall seriously consider renewable sources of energy and environmentally friendly and sustainable ways of generating and conserving power in its projects.

the buildings/projects are already turned over. ▪ However, before the common areas are turned over to the condominium corporations, all the requirements imposed by laws and regulations, such as compliant sewage treatment plants, standby power generators, etc. are properly put in place.		
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
▪ Less than adequate monitoring of power consumption and vital facilities by the condominium corporations ▪ Lack of regular performance audit of key personnel of the condominium corporations	▪ Customers / residents of RLT's developments ▪ Condominium corporations ▪ Employees, consultants, suppliers, contractors of the condominium corporations	▪ As a unit owner, RLT can work on having a representative/s elected to the boards of trustees of the condominium corporations to be able to provide advice on proper management of facilities leading to more efficient use of energy. ▪ Introduce its contractors who may be very familiar with the workings of the facilities installed in the buildings/projects
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
Raise awareness within the RLT projects to conserve energy consumption	▪ Customers / residents of RLT's developments ▪ Condominium corporations ▪ Employees, consultants, suppliers, contractors of the condominium corporations	▪ RLT to exert influence on its property management subsidiary to ensure that optimal and efficient use of energy is observed in the developments/buildings that it is managing. ▪ For future projects, serious efforts shall be exerted to design the use of indigenous, renewable and green energy sources in its developments

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	0	Cubic meters
Water consumption	1,601	Cubic meters
Water recycled and reused	0	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
▪ The business model of RLT involves the construction, development and sale of condominium units. In the process, RLT transfers unto the condominium corporation formed the titles to the land and all the common areas of the project. The buildings/projects are then managed by the said condominium corporations that are independent from the influences of RLT. ▪ Thus, RLT has no influence in the management of the condominium buildings that it constructs, once the buildings/projects are already turned over. ▪ However, before the common areas are turned over to the condominium corporations, all the requirements imposed by laws and regulations, such as compliant sewage treatment plants, standby power generators, etc. are properly put in place.	▪ Customers ▪ Condominium corporations ▪ Suppliers ▪ Contractors (in terms of workmanship warranties)	▪ In the future, RLT shall seriously consider renewable sources of energy and environmentally friendly and sustainable ways of generating and conserving water in its projects.
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant risks identified		
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant opportunities identified		

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume	Negligible	
▪ renewable	Negligible	kg/liters
▪ non-renewable	Negligible	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	Negligible	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
RLT's market niche is high-end, luxury residential condominium units. Thus, for its past/completed projects, its choice of materials had to be of high quality and not coming from recycled materials.	▪ Customers ▪ Architects ▪ Contractors ▪ Suppliers ▪ Sales personnel	For future projects, RLT will very seriously consider the use of renewable energy sources in its projects.
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant risks identified		
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
▪ The opportunities are in being able to make use of sustainable design principles to include the ability to: ○ optimize site potential; ○ minimize non-renewable energy consumption; ○ use environmentally preferable products; ○ protect and conserve water; ○ enhance indoor environmental quality;	▪ Stockholders ▪ Management ▪ Customers ▪ Architects ▪ Consultants	▪ To explore possibilities in constructing and offering for sale environmentally friendly buildings and facilities ▪ To achieve more attractive financing terms for its projects by making use of "green" and sustainable design principles

○ optimize operational and maintenance practices. ▪ Obtaining more favorable terms for financing projects that will quality for "green" projects.		

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

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	
Habitats protected or restored	None	ha
IUCN[4] Red List species and national conservation list species with habitats in areas affected by operations	None	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable at this time	Not applicable at this time	Not applicable at this time
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant risks identified		
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant opportunities identified		

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	0	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	0	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	0	Tonnes

[4] International Union for Conservation of Nature

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable at this time	Not applicable at this time	Not applicable at this time
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant risks identified		
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant opportunities identified		

Air pollutants

Disclosure	Quantity	Units
NO_x	0	kg
SO_x	0	kg
Persistent organic pollutants (POPs)	0	kg
Volatile organic compounds (VOCs)	0	kg
Hazardous air pollutants (HAPs)	0	kg
Particulate matter (PM)	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable at this time	Not applicable at this time	Not applicable at this time
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant risks identified		
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant opportunities identified		

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	0	kg
Reusable	0	kg
Recyclable	0	kg
Composted	0	kg
Incinerated	0	kg
Residuals/Landfilled	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
▪ RLT itself does not generate solid wastes. ▪ The independent condominium corporations possibly generate solid waste but there are regular contractors hauling these solid wastes.	▪ Community ▪ Condominium corporations ▪ Residents ▪ Garbage contractors	▪ To provide assistance to the property management subsidiary insofar as hauling of plastic wastes is concerned in the properties that the latter is managing. ▪ These plastic waste products can be used as raw material by Recon-X Energy Corporation ("**Recon-X**"), a subsidiary of RLT's subsidiary, Sultan's Power Corp., in converting plastics to diesel using a patented process.
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
There are no significant risks identified insofar as RLT itself is concerned.		
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
The identified opportunities for RLT concerns the subsidiary of its subsidiary, Recon-X Energy Corporation which converts plastics to diesel using a patented process.	▪ Condominium corporations ▪ Recon-X Energy Corporation	To formalize arrangements between PRHC Property Managers Inc. ("PPMI") and Recon-X for the latter to haul solid wastes (plastic) for conversion to fuel which should redound to the benefit of both Recon-X and the condominium projects that PPMI is managing.

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	0	kg
Total weight of hazardous waste transported	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable at this time	None at this time	None at this time
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
There are no significant risks identified insofar as RLT itself is concerned.		
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
There are also no significant opportunities identified insofar as RLT itself is concerned.		

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	0	Cubic meters
Percent of wastewater recycled	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
▪ RLT itself does not generate solid wastes. ▪ The turned-over projects/buildings managed by independent condominium corporations possibly generate solid waste but there are regular contractors hauling these solid wastes.	▪ Community ▪ Condominium corporations ▪ Residents	To provide assistance to PPMI for the projects/condominium corporations being managed by PPMI as Property Manager, if necessary.
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**

There are no significant risks identified insofar as RLT itself is concerned.		
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
There are also no significant opportunities identified insofar as RLT itself is concerned.		

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
RLT's construction of projects is impacted by various environmental regulations; RLT fully understands that any noncompliance will result to financial and non-financial penalties, and stoppage of operations on ongoing projects.	▪ Board of Directors ▪ Management ▪ Suppliers ▪ Contractors ▪ Government ▪ Community	▪ RLT ensures that it observes and complies with all governmental and regulatory requirements in its projects. Prior to any project development, all environmental clearances are secured and/or complied with such as the Environmental Clearance Certificate ("ECC"), Laguna Lake Development Authority ("LLDA") Clearance and others, as deemed necessary. ▪ Our Project Construction Management Group ("PCMG") ensures and monitors compliance calendar in all of the Company's ongoing projects. ▪ For 2021, RLT has complied with all environmental regulations.
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
Violation of any regulations such as local ordinances and national laws with respect to the environment may result in	▪ Board of Directors ▪ Management ▪ Suppliers ▪ Contractors	RLT ensures compliance with all existing and new regulations that are imposed by local and national

penalties and/or suspension of business activities.	▪ Government ▪ Community	authorities which would have an impact on business activities
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
Environmental regulations imposed by local and national regulatory agencies tend to improve the overall quality of a building structure and improve sustainability.	▪ Board of Directors ▪ Management ▪ Suppliers ▪ Contractors ▪ Government ▪ Community	As mentioned, RLT is committed to following the rules and regulations imposed by the government and subscribing to industry best practices for the purpose of improving the buildings that it builds and will build in the future.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[5]		
a. Number of female employees	**31**	#
b. Number of male employees	**32**	#
Attrition rate[6]	**4**	rate
Ratio of lowest paid employee against minimum wage	**0**	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	**Y**	**20%**	**16%**
PhilHealth	**Y**	**4%**	**3.13%**
Pag-IBIG	**Y**	**24%**	**6.25**
Parental leaves	**Y**	**8%**	**0%**
Vacation leaves	**Y**	**100%**	**100%**
Sick leaves	**Y**	**100%**	**100%**
Medical benefits (aside from PhilHealth))	**Y**	**100%**	**100%**
Housing assistance (aside from Pag-IBIG)	**N**	**NA**	**NA**
Retirement fund (aside from SSS)	**Y**	**0**	**0**
Further education support	**N**	**NA**	**NA**
Company stock purchase loan	**Y**	**12%**	**16%**
Telecommuting	**N**	**NA**	**NA**
Flexible-working Hours	**Y**	**100%**	**100%**
(Others)	**-**	**-**	**-**

[5] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)
[6] Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company understands that its Employees/Workforce are its most important resource in achieving its goals. Thus, RLT provides its employees with competitive compensation package, performance bonuses and an extremely generous retirement plan as a way of motivating them to be productive.	RLT's benefits to its employees are: ▪ Competitive salary packages including performance bonuses and performance-based salary increments ▪ HMO health benefits (including at least one qualified dependent) ▪ Allowances for meals and transportation ▪ Rice subsidy and laundry allowance ▪ Annual credit leaves (Vacation and Sick Leave) ▪ Extremely generous Retirement Plan
RLT also promotes wellness among its employees	RLT has instituted policies that give our employees additional benefits, as follows: ▪ Access to basic medical supplies, including consultations with Company doctor. ▪ Company nurse who attends to the basic health needs of our employees such as blood pressure monitoring, sugar count monitoring and others. ▪ Complete annual physical examination ("APE") including eye check-up ▪ Annual reimbursement of dental expenses up to a certain amount ▪ Group life insurance ▪ Pays for seminars to be attended by our directors, senior officers and professionals (i.e., Annual Continuing Professional Development, Annual Corporate Governance Seminars, Anti-Money Laundering Seminars, etc.) ▪ Free parking ▪ Company outings and/or team building and sports activities to promote camaraderie among employees.
What are the Risks Identified?	**Management Approach**
Employee retention of trained and reliable experts due to better opportunities especially outside of the country	Succession planning is practiced not only to address possibility of employee turnover but also to manage continuity and in the event the Company undertakes simultaneous projects

	Identified potential successors are given mentorship training and allowed to assume greater job responsibilities. Annual performance evaluation is a significant component in communicating Management's plan/s for key managers/employees so their career paths can be laid out clearly for them.
What are the Opportunities Identified?	**Management Approach**
Employee turnover rate is quite low. Thus, opportunities for implementing succession plan or for manning lateral organizational growth is present in case of simultaneous commencement of projects.	The Company shall continue its programs designed to retain "must keep" employees, such as: ▪ Service awards to honor loyal employees ▪ Recognition and incentives to qualified employees (i.e., sales personnel) ▪ Performance-based promotions for deserving employees ▪ Flexible work arrangements to accommodate employees who may be taking higher academic degrees

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	1	hours
b. Male employees	1	hours
Average training hours provided to employees		
a. Female employees	12	hours/employee
b. Male employees	12	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The impact is improved knowledge of directors, senior management and employees that translate to better quality work and overall performance.	▪ RLT spends for the training of its directors, senior management and professional employees. A sample of this are as follows: ▪ Annually, the Company sponsors a Corporate Governance seminar for its directors and key officers ▪ In 2021, the senior officers of the Company and those who will be involved in reporting covered and suspicious transactions attended an Anti-Money Laundering

	Seminar conducted by the Anti-Money Laundering Council (and in 2022, the Company sponsored an Anti-Money Laundering Seminar for all its directors, senior officers and senior officers of its subsidiaries and associate companies). ▪ The Company also shoulders the costs of seminars relating to Continuing Professional Development of its licensed professionals such as Certified Public Accountants, Engineers, etc. ▪ RLT also encourages its key officers and employees to attend seminars that will keep them abreast with developments, such as the periodic Listing and Disclosures Seminars conducted by the Philippine Stock Exchange, Inc., etc. ▪ Our Department Heads and Managers conduct training to improve the skills of our employees (e.g., improving proficiency in Excel, oral and written communication skills, etc.) ▪ Fire and Safety seminars and drills are regularly conducted
What are the Risks Identified?	**Management Approach**
There are no significant risks identified.	
What are the Opportunities Identified?	**Management Approach**
There are no significant opportunities identified.	

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	Town Hall meetings are conducted regularly	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
RLT has no labor union. Thus, it has no Collective Bargaining Agreement with the representatives of its employees. The employees have found no reason to establish a labor union. Nevertheless, the Company always seek to create equitable and fair labor practices, ensuring that our employees' welfare and rights are protected.	▪ In spite of the absence of a labor union, the Company is committed to protecting the welfare and rights of its employees. ▪ RLT ensures that it observes DOLE advisories on labor and labor-related matters (i.e., compensation, work hours, increases in minimum wage, etc.). ▪ The Company always seeks to create equitable and fair labor practices, ensuring that our employees' welfare and rights are protected. A case in point is the recent COVID-19 pandemic. The Company instituted work-from-home arrangements and looked after the welfare of the employees by not terminating a single employee and paying their salaries without reducing their leave credits. ▪ For employee concerns, can be ventilated during Town Hall meetings. ▪ The Company gives priority to hiring relatives of retiring employees, as what recently happened when a long-time messenger of the Company retired. His vacated post was given to his son.
What are the Risks Identified?	**Management Approach**
Discontent among the employees due to unfair labor practices will lead to a formation of a labor union.	▪ Due to the initiatives of Management as expounded above, and the genuine concern of the Board of Directors for the welfare of the employees, RLT's employees have found no reason to establish a labor union.
What are the Opportunities Identified?	**Management Approach**
The opportunities are in the area of continued industrial peace that allows our employees and Management to concentrate on their work.	To continue Management practices as they are working perfectly well.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	**49**	%
% of male workers in the workforce	**51**	%
Number of employees from indigenous communities and/or vulnerable sector*	**5**	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
▪ The impact is in its primary business operations. ▪ In RLT's senior management, three (3) are senior citizens and one (1) is a PWD ▪ Several key departments are headed by women, including in the area of engineering. ▪ RLT has also hired LGBTs, including solo parents and those coming from poorer communities provided qualified.	▪ RLT does not discriminate against any employee or job applicant because of race, color, religion, national origin, sex, physical or mental disability, or age. ▪ In short, RLT is an equal-opportunity employer. ▪ Promotion is strictly based on merit and performance.
What are the Risks Identified?	**Management Approach**
Reputational risk if the Company discriminates in its hiring of applicants (and in the promotion of existing employees) as a result of race, color, religion, national origin, sex, physical or mental disability, or age.	RLT is exercising due care in dealing with individuals or groups of individuals (that includes those in the employ of its suppliers, contractors, and business partners) so as not to be perceived as prejudicial against other people.
What are the Opportunities Identified?	**Management Approach**
Hiring is improved as the best qualified can be hired without having to be confined to certain choices due to set limitations.	Continue and adhere to the principle of being an equal-opportunity employer.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	**0**	Man-hours
No. of work-related injuries	**0**	#
No. of work-related fatalities	**0**	#
No. of work-related ill-health	**0**	#
No. of safety drills	**0**	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
▪ In general, any construction work is done by outside contractors. ▪ However, the employees of the contractors might be involved in any work-related accidents/injury. As a result, disruption of business operations or certain construction activity might be imposed.	▪ RLT and its Management ensure that safe environment, workplace and working conditions are observed by its contractors and consultants. ▪ RLT requires its contractors to observe DOLE and local government orders and ordinances with respect to occupational safety and health standards.
What are the Risks Identified?	**Management Approach**
▪ For the workers, the risks they face are accidents and getting contaminated by illnesses of fellow workers (such as COVID-19). ▪ Lack of training and experience could be the causes of accidents.	▪ RLT in its prequalification of contractors requires observance of safety standards in the work areas and for workers. ▪ RLT also ascertains that appropriate insurance coverage (such as Contractors All Risk Insurance) is procured by the contractor/s to cover any eventuality ▪ In the case of the COVID-19 pandemic, RLT requires its contractors to adhere fully to the requirements set by the DOH, the DOLE, the DPWH, the municipality/city government, and the barangay concerned.
What are the Opportunities Identified?	**Management Approach**
There are no significant opportunities identified.	

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the Company policy
Forced labor	N	None
Child labor	N	None
Human Rights	N	None

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Forced labor, child labor and violation of human rights are not specifically mentioned in Company policies as they are presumed not to be allowed at any instance.	These will be explicitly included in Company policies
What are the Risks Identified?	**Management Approach**
There are no significant risks identified.	
What are the Opportunities Identified?	**Management Approach**
There are no significant opportunities identified.	

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

RLT does not have a supplier accreditation policy. However, terms of reference for each undertaking are clearly issued to potential bidders and prequalification procedures are being followed as part of best practices to ensure the acceptability of suppliers/contractors.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	Y	RLT observes industry best practices when dealing with its suppliers/contractors. Our employees when dealing with our suppliers/contractors are properly advised, guided and mindful that bribery and corruption will not be tolerated in the Company.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
RLT engages the services of well-known, reputable suppliers that do not engage in forced labor, child labor and other illegal practices.	RLT is into the development of premium condominium buildings. As such it also deals with premium and quality suppliers and contractors. Most of them are repeat contractors and suppliers. Over time, RLT is able to assure itself that it is dealing with reputable suppliers and contractors.
What are the Risks Identified?	**Management Approach**
No significant risks are identified.	
What are the Opportunities Identified?	**Management Approach**
No significant opportunities are identified.	

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
The premium projects completed by RLT improved the community in terms of aesthetic considerations and enhancement of the property values in the surrounding areas.	Projects are located in premium locations that allows for easier accessibility	Residential condominium projects of RLT have provisions for senior assisted living. This is because RLT's residential condominium buildings are meant to be home-replacement	No.	Condominium corporations are conscious about taking care of its residents, especially senior citizens.	Not applicable

		alternatives for senior citizens.			

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____________

Certificates	Quantity	Units
FPIC process is still undergoing	TBD	#
CP secured	None yet	#

RLT operations do not have significant impact on vulnerable groups in the society.

What are the Risks Identified?	Management Approach
No significant risks are identified.	
What are the Opportunities Identified?	**Management Approach**
No significant opportunities are identified.	

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	Not available	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Being a developer-seller of premium condominium units, RLT is very concerned about customer satisfaction, ensuring that units delivered / transferred to its buyers are based on specifications.	▪ RLT employees, particularly our Sales Group, Sales Support Group and most especially our Property Management Group and Project Construction Management Group, are trained to ensure quality of work at RLT developments. ▪ Buyers of units of RLT projects are given a one-year warranty period, and all repairs and workmanship re-work are done free-of-charge. ▪ Our Sales Group and Sales Support Group assist customers complete documentary

	requirements to fast-track transfer of ownerships to the said customers. ▪ Our Property Management Group and Project Construction Management Group ensure that installed appliances in the units are of good quality and in good working condition. ▪ Maintenance in the common areas of the condominium buildings are properly monitored i.e. lightings, elevators, etc., by the Condominium Corporation.
What are the Risks Identified?	**Management Approach**
Customer satisfaction is a very key element in successful selling of high-end condominium units as negative news gets around very fast, especially with the advent of social media. Thus, it must be taken very seriously because of the harm that can be caused by negative publicity.	The Company treats customer satisfaction very seriously as can be shown by the fact that there have been a lot of repeat buyers of RLT's projects over the years. This is in spite of very limited marketing collateral in the selling of the units in RLT's projects.
What are the Opportunities Identified?	**Management Approach**
Satisfied customers have been the best "sales agents" of RLT. Word of mouth and positive responses insofar as customer satisfaction is concerned have helped in the marketing of RLT's projects.	Customer service is a serious matter in RLT. Residents' complaints, issues or requests for repairs are taken up in weekly meetings of the Project Committee for those units still under a one-year warranty period and in the board meetings of the Condominium Corporations.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
▪ RLT ensures that all its contractors follow strict policies, rules, and regulations on safety imposed by regulatory agencies in the construction of its projects (residential or commercial condominium buildings).	▪ RLT believes in the principle of protecting the health and safety of its employees as well as those of the employees of its consultants, contractors, and suppliers. ▪ RLT fully subscribes to all applicable rules and regulations imposed by regulatory agencies in

▪ In terms of the COVID-19 pandemic, RLT is strictly following the protocols prescribed by the DOH, DOLE, DPWH, the local government units covering RLT's areas of operations, including but not limited to the following: o Requirement on returning employees or workers of contractors of presenting either results of rapid tests conducted on them or barangay health certification prior to allowing them entry to office or building premises; o Constructing an isolation tent for employees, residents or workers of contractors who may be exhibiting symptoms of COVID-19; o Presence of a full-time nurse for consultation and as liaison to hospitals and testing centers	making sure that its contractors comply with building construction safety protocols. ▪ RLT's concern for the health and safety of its employees and those of its contractors extends to making them safe from COVID-19.
What are the Risks Identified?	**Management Approach**
▪ Accidents in building construction site/s due to negligence or non-conformance to prescribed rules and regulations imposed by regulatory authorities ▪ Property damages as a result of substandard workmanship ▪ Major damages caused by lack of adequate testing (e.g., caused by earthquakes, etc.)	RLT ensures that its projects are designed by world-class architects and consultants specializing in earthquakes (e.g., design can withstand globally acceptable/tolerable earthquake intensity), wind flows, building heat management, energy efficiency, etc., to prevent damages due to the elements or disasters.
What are the Opportunities Identified?	**Management Approach**
▪ Enhanced reputation for quality products (condominium units) and services ▪ Growing the Company's loyal customer base	Continue to turn out value-for-money premium developments that are well thought-out and exquisitely designed that in the future will make use of sustainable design principles

Marketing and labelling

Disclosure	**Quantity**	**Units**
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
RLT advertises subtly through billboards, brochures, online ads and makes use of social media page	▪ RLT's marketing is subtle and low-key in approach. ▪ It is focused more on getting prospective buyers to see the actual product being offered for sale. ▪ For those who express interest, a soft copy of the units for sale is provided the prospective buyer as well as classy brochures. ▪ RLT has engaged consultants to help the Company further enhance its brand image and well-conceived overall marketing plan.
What are the Risks Identified?	**Management Approach**
Making commitments or promises that cannot be delivered enhance reputational risk.	RLT fully subscribes to "truth in advertising".
What are the Opportunities Identified?	**Management Approach**
No significant opportunities are identified.	

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	More than 100 but less than 250	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The impact is in the customer base of the Company.	RLT is committed to protecting the privacy of the Company's employees, consultants, contractors, suppliers, and most especially its active customers. This is contained in the Company's Data Privacy Manual.

	http://www.philrealty.com.ph/wp-content/uploads/2019/06/PRHC_Data_Privacy_Manual_min-1.pdf Under the said manual – ▪ Collection of information/data from customers with their consent. ▪ Storing of data are kept secure. ▪ All data obtained from customers are kept confidential.
What are the Risks Identified?	**Management Approach**
The risk is the release of information on the Company's data subjects without their prior consent.	▪ The Board has appointed a Data Protection Officer. ▪ The Data Protection Officer oversees the compliance of the Company with the Data Privacy Act, its IRR, and other related policies, including the implementation of security measures, security incident, and data breach protocol, and the inquiry and complaints procedure.
What are the Opportunities Identified?	**Management Approach**
No significant opportunities are identified.	

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The impact is in the security of the information on the customer base of the Company.	RLT is committed to protecting the privacy of the Company's employees, consultants, contractors, suppliers, and most especially its active customers. This is contained in the Company's Data Privacy Manual. http://www.philrealty.com.ph/wp-content/uploads/2019/06/PRHC_Data_Privacy_Manual_min-1.pdf

	Under the said manual – ▪ Collection of information/data from customers with their consent. ▪ Storing of data are kept secure. ▪ All data obtained from customers are kept confidential.
What are the Risks Identified?	**Management Approach**
The risk is the release of information on the Company's data subjects without their prior consent due to lack of security protocols.	▪ The Board has appointed a Data Protection Officer. ▪ The Data Protection Officer oversees the compliance of the Company with the Data Privacy Act, its IRR, and other related policies, including the implementation of security measures, security incident, and data breach protocol, and the inquiry and complaints procedure.
What are the Opportunities Identified?	**Management Approach**
Feeling of comfort and security of the Company's data subjects would tend to attract more customers for RLT, both from prospective buyers of condominium units or prospective lessees.	Full compliance and adherence to laws and regulations; in this instance the Data Privacy Act.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Property Development	**SDG 8** “Decent Work and Economic Growth” **SDG 9** “Industry Innovation and Infrastructure” **SDG 12** “Responsible Consumption and Production”	▪ Underage laborers from our third-party contractors. ▪ Risk of accidents and injury. ▪ Impact on environment due to industry and infrastructure development. ▪ Increase consumption of energy and water due to project development.	▪ Ensure that contractors are observing laws and government directives. ▪ Ensure that contractors are practicing responsible and safe construction methodologies (i.e., safety protocols are observed). ▪ Ensure that necessary environmental clearances are obtained prior to start of project construction. ▪ Ensure that developments are able to attain efficiencies in terms of energy consumption and optimization of use of water resources.
Sale and lease of property (residential and commercial)	**SDG 6** “Clean Water and Sanitation” **SDG 11** “Sustainable Cities and Community”	▪ Increased water and energy consumption as a direct consequence of increases in units constructed and sold ▪ Potential increase in pollution and waste matter due to increased no. of households	▪ Use of efficient sewage treatment facilities ▪ For future projects, the Company will make use of sustainable design principles to include the ability to: ○ optimize site potential; ○ minimize non-renewable energy consumption; ○ use environmentally preferable products;

			○ protect and conserve water; ○ enhance indoor environmental quality; ○ optimize operational and maintenance practices.

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

Philippine Realty & Holdings Corporation

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **PHILIPPINE REALTY AND HOLDINGS CORPORATION and SUBSIDIARIES (the Group)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud and 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 going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

GERARDO DOMENICO ANTONIO V. LANUZA
Chairman and President

EDMUNDO C. MEDRANO
Executive Vice President and Chief Operating Officer and Treasurer

Signed this 21st day of March 2023.

SUBSCRIBED AND SWORN to before me this ______ day of ___27 APR 2023 2023, affiants exhibiting to me their Tax Identification Nos., as follows:

Name	Tax Identification No.
Gerardo Domenico Antonio V. Lanuza	243-616-771
Edmundo C. Medrano	134-515-229

Doc. No. 202;
Page No. 42;
Book No. 94;
Series of 2023

ATTY. RUBEN M. [illegible], JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2023
PTR NO. 4029325D, 01/09/2023-Q.C.
IBP NO. 293181, 01/10/2023-Quezon City Chapter
Roll of Attorney's No. [illegible]
Admin Matter No. [illegible]
MCLE-VII-[illegible]
TIN [illegible]
[illegible], Quezon City

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	9	9	9	0	5

Company Name

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town)Province)

ONE BALETE, 1 BALETE DRIVE CORNER N. DOMINGO STREET BRGY. KAUNLARAN DISTRICT 4, QUEZON CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
mark.ramos@philrealty.com.ph	8631-3179	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
2,257	June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mark Ramos	mark.ramos@philrealty.com.ph		

Contact Person's Address

One Balete, 1 Balete Drive corner N. Domingo Street, Brgy. Kaunlaran District 4, Quezon City

5/F Don Jacinto Bldg.,
Dela Rosa cor. Salcedo Sts.,
Legaspi Village,Makati City1226
Philippines
Telephone: +63 (2) 8403 7228 to 30
Fax: +63 (2) 8403 7306

MVCo@MVCo.com.ph
www.MVCo.com.ph
www.nexia.com

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Shareholders and Board of Directors
Philippine Realty and Holdings Corporation
One Balete, 1 Balete Drive corner N. Domingo Street
Brgy. Kaunlaran District 4
Quezon City

We have audited the consolidated financial statements of Philippine Realty and Holdings Corporation and Subsidiaries as at and for the year ended December 31, 2022, on which we have rendered our report dated March 21, 2023.

In compliance with Revised Securities Regulation Code Rule 68 and based on the certification received from the Parent Company's corporate secretary and the results of our work done, as at December 31, 2022, we are stating that the said Parent Company has two thousand two hundred fifty-seven (2,257) shareholders owning one hundred (100) or more common shares.

MACEDA VALENCIA & CO.

ANTONIO O. MACEDA, JR.
Partner
CPA License No. 20014
Tax Identification No. 102-090-963-000
PTR No. 9592715
Issued on January 18, 2023 at Makati City
BOA/PRC Reg. No. 4748 valid until August 7, 2024
BIR Accreditation No. 08-001987-004-2021 (firm)
Issued on April 7, 2021; valid until April 6, 2024
BIR Accreditation No. 08-001987-004-2021 (individual)
Issued on April 12, 2021; valid until April 11, 2024
SEC Accreditation No. 4748-SEC, Group A (firm)
Effective for audits of 2019 to 2023 financial statements
SEC Accreditation No. 20014-SEC, Group A (individual)
Effective for audits of 2022 to 2026 financial statements

March 21, 2023
Makati City

MVCo
Maceda Valencia & Co
Certified Public Accountants and Management Consultants

5TH floor Don Jacinto Building,
Salcedo corner Dela Rosa Sts.
Legaspi Village, Makati City,
Philippines
Telephone: +63 (2) 8403 7228 to 30
Fax: +63 (2) 8403 7306

MVCo@MVCo.com.ph
www.MVCo.com.ph

REPORT OF INDEPENDENT AUDITORS

The Shareholders and Board of Directors
Philippine Realty and Holdings Corporation
One Balete, 1 Balete Drive corner N. Domingo Street
Brgy. Kaunlaran District 4
Quezon City

Opinion

We have audited the consolidated financial statements of Philippine Realty and Holdings Corporation and Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of total comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the three years in the period ended December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

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 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 audits of the 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Risk

Real Estate Revenue Recognition and Determination of Related Cost

The Group's revenue recognition process, policies and procedures on real estate sales are significant to our audit because these involve the application of significant judgment and estimation. In addition, real estate sales and costs of real estate sales amounted to P225.00 million or 26% of Revenues and Income and P106.30 million or 19% of Cost and Expenses, respectively, for the year ended December 31, 2022. The areas affected by revenue recognition, which requires significant judgments and estimates, include determining when a contract will qualify for revenue recognition, measuring the progress of the development of real estate projects which defines the amount of revenue to be recognized and determining the amount of actual costs incurred as cost of real estate sales. These areas were significant to our audit as an error in application of judgments and estimates could cause a material misstatement in the financial statements.

The Group's policy for revenue recognition on real estate sales are more fully described in Note 30 to the consolidated financial statements. The significant judgments applied, and estimates used by management related to revenue recognition are more fully described in Note 31 to the consolidated financial statements.

Our Response

We obtained an understanding of the revenue and cost recognition policy on real estate sales transactions. We performed risk assessment procedures to obtain audit evidence about the design and implementation of relevant controls. We performed a walkthrough as part of obtaining an understanding of the revenue and cost recognition process to identify and further understand what could go wrong in the process and to identify relevant controls that management has implemented to address what could go wrong. In performing walkthroughs, we obtained sufficient information to be able to evaluate the design and implementation of relevant controls and tested for operating effectiveness over revenue and cost recognition process and financial reporting close process.

On the revenue recognition process, the following controls, among others, were identified and tested for operating effectiveness.

- Control over initiation – sales reservation and payment scheme are based on valid transaction and sales cancellation are issued based on cancellation policy;
- Control over authorization – (a) Reservation and payment scheme, Contract to Sell, and Deed of Absolute Sale and (b) Notice of Cancellation for cancellation are approved by authorized officer;
- Control over recording and processing - Sales are systems generated at point of recognition and are counterchecked by responsible finance officer and cancellations are manually recognized based on approved Notice of Cancellation.

On the cost recognition process, the following key controls, among others, were tested for operating effectiveness.

- Control over initiation - Project costs are initiated based on budget.
- Control over authorization - (a) Budgets are approved by management and the Board; (b) Project spendings are made based on approved letters of award; (c) Recommendation for payment are compared with approved letter of award and approved by authorized officer; and (d) Changes in contract are approved by authorized officer;
- Control over recording and processing - (a) Payments are recorded based on approved recommendation of payment; (b) Sales are systems generated on point of recognition based on approved standard cost; and (c) Other capitalized cost such as interest cost are manually recorded based on policy.

On financial reporting close process, control over preparation of relevant disclosure were tested for operating effectiveness. Financial statements and relevant disclosures are prepared and reviewed by authorized finance officer.

We also performed substantive test procedure on selected sales and cancellations transactions during the year by examining the approved payment scheme, Contract to Sell or Deed of Absolute Sale and Notice of Cancellation and reperformed calculation of sales or cancellations recognized.

Valuation of Real Estate Inventories

The Risk

Real estate inventories constitute a material component in the Group's consolidated statements of financial position. Real estate inventories amounted to P2.09 billion representing 24% of the total assets as at December 31, 2022. Real estate inventories include properties under construction, acquired properties that are held for sale in the ordinary course of business and land held for development. Real estate inventories are valued at the lower of cost or market and net realizable value.

The valuation of real estate inventories is influenced by assumptions and estimates regarding construction costs to be incurred, and future selling prices. Weak demand and the consequential over supply of residential units might exert downward pressure on transaction volumes and selling prices of residential properties.

Our Response

Based on the controls over cost recognition process, we examined supporting documents of selected transactions of sampled projects to ensure that cost spending are complete and accurate and relates to the project and any spending noted outside the budgeted costs including capitalized interest are explained.

We reperformed standard cost calculation for selected projects and compared it with the standard cost used to cost inventories. We compared standard cost against net realizable values of selected projects through inspection of most recent sales contracts and expected sales proceeds from the remaining properties.

Allowance for Impairment Losses on Trade and Other Receivables

The Risk

The allowance for impairment losses on trade and other receivables is considered to be a matter of significance as it requires the application of judgment and use of subjective assumptions by management. As of December 31, 2022, trade and other receivables has a total carrying amount of P542.46 million contributing 6% of the Group's total assets.

Our Response

We tested the calculation methodology which is based on cash flows of future payments considering historical data of collections and defaults including the value of repossessed inventories and possible refunds. We also tested the assumptions including interest rates used in computing for the expected credit loss.

Valuation of Investment Properties

The Risk

Investment properties is considered to be a matter of significance as it requires the application of valuation judgment and use of assumptions by management. As of December 31, 2022, investment property has a total carrying amount of P4.93 billion contributing 57% of the Group's total assets.

Our Response

To validate additions to investment properties, we examined supporting documents such as contracts, Deeds of Absolute Sale, supplier invoices and/or official receipts.

To determine fair value adjustments, we obtained the latest appraisal report and evaluated appropriateness of assumptions and valuation method and completeness of the information used.

We also evaluated the competence and objectivity of the external expert engaged by the management to value the investment properties by ensuring the expert is an accredited appraiser by the SEC and had discussions with the expert on the methodology used including any adjustments made.

Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, 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 a manner that achieves fair presentation.

- 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 group 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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Antonio O. Maceda, Jr.

MACEDA VALENCIA & CO.

ANTONIO O. MACEDA, JR.
Partner
CPA License No. 20014
Tax Identification No. 102-090-963-000
PTR No. 9592715
Issued on January 18, 2023 at Makati City
BOA/PRC Reg. No. 4748 valid until August 7, 2024
BIR Accreditation No. 08-001987-004-2021 (firm)
Issued on April 7, 2021; valid until April 6, 2024
BIR Accreditation No. 08-001987-004-2021 (individual)
Issued on April 12, 2021; valid until April 11, 2024
SEC Accreditation No. 4748-SEC, Group A (firm)
Effective for audits of 2019 to 2023 financial statements
SEC Accreditation No. 20014-SEC, Group A (individual)
Effective for audits of 2022 to 2026 financial statements

March 21, 2023
Makati City

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022, 2021 and 2020

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	Note	2022	2021
ASSETS			
Current Assets			
Cash and cash equivalents	*3*	**P163,886,734**	P202,643,198
Financial assets at fair value through profit or loss (FVPL)	*4*	**6,750,000**	6,750,000
Trade and other receivables - current portion	*6*	**177,461,738**	132,440,960
Real estate inventories	*7*	**2,086,122,188**	2,136,292,560
Prepayments and other assets - net	*8*	**413,430,156**	410,821,019
Investment in finance lease – current portion	*12*	**14,099,824**	13,055,174
Total Current Assets		**2,861,750,640**	2,902,002,911
Non-current Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	*5*	**36,076,106**	37,644,536
Trade and other receivables – net of current portion	*6*	**365,017,469**	461,101,590
Investments in and advances to associates - net	*9*	**58,236,132**	59,667,432
Investment properties	*10*	**4,926,465,273**	4,406,355,439
Property and equipment - net	*11*	**60,321,966**	73,043,468
Right-of-use assets - net	*12*	**97,414,601**	89,431,827
Investment in finance lease – net of current portion	*12*	**187,577,451**	201,677,353
Other non-current assets		**53,386**	53,386x`
Total Non-current Assets		**5,731,162,384**	5,328,975,031
		P8,592,913,024	P8,230,977,942
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities			
Trade and other payables - current portion	*13*	**P110,354,183**	P150,248,583
Loans and note payable - current portion	*14*	**666,722,994**	381,938,245
Lease liability - current portion	*12*	**14,841,458**	14,116,765
Total Current Liabilities		**791,918,635**	546,303,593
Non-current Liabilities			
Trade and other payables - net of current portion	*13*	**84,852,490**	71,825,744
Loans and note payable - net of current portion	*14*	**227,700,370**	430,522,044
Retirement benefit obligation	*16*	**66,953,485**	70,930,176
Deferred tax liabilities - net	*24*	**696,703,231**	568,677,622
Lease liability – net of current portion	*12*	**158,661,703**	173,503,161
Other non-current liabilities	*12*	**40,425,411**	40,970,220
Total Non-current Liabilities		**1,275,296,690**	1,356,428,967
Total Liabilities		**2,067,215,325**	1,902,732,560
EQUITY			
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	*25*	**4,433,211,671**	4,433,189,171
Additional paid-in capital	*25*	**623,139,806**	623,139,806
Reserves	*26*	**65,530,662**	52,201,114
Retained earnings		**1,536,606,331**	1,349,807,235
Treasury stock	*25*	**(110,049,633)**	(110,049,633)
		6,548,438,837	6,348,287,693
Equity Attributable to Non-Controlling Interests	*27*	**(22,741,138)**	(20,042,311)
		6,525,697,699	6,328,245,382
		P 8,592,913,024	P8,230,977,942

See Notes to the Consolidated Financial Statements.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Note	**2022**	2021	2020
INCOME				
Sales of real estate		**P224,998,917**	P153,819,523	P264,772,984
Rent	*12*	**56,674,800**	55,302,865	69,344,550
Management fees	*17*	**34,655,944**	36,779,297	42,852,821
Interest	*19*	**15,924,493**	17,404,620	13,728,349
Commission	*18*	**5,567,455**	4,512,545	4,455,984
Other income	*20*	**540,509,715**	637,167,113	310,176,111
		878,331,324	904,985,963	705,330,799
COSTS AND EXPENSES				
Cost of real estate sold	*7*	**106,296,787**	113,172,007	161,787,110
Cost of services	*21*	**62,551,098**	68,763,460	83,154,975
General and administrative expenses	*22*	**338,465,029**	304,443,005	295,932,566
Finance costs	*12,14*	**63,809,071**	70,888,773	36,787,064
Equity in net loss of an associate	*9*	**1,431,300**	4,488,055	3,409,093
Other expenses	*23*	**230,051**	90,852,818	1,660,400
		572,783,336	652,608,118	582,731,208
INCOME BEFORE INCOME TAX		**305,547,988**	252,377,845	122,599,591
INCOME TAX EXPENSE	*24*	**125,159,497**	59,638,324	82,756,238
NET INCOME		**P180,388,491**	P192,739,521	P39,843,353
Attributable to:				
Equity holders of the parent	*28*	**P183,087,318**	P194,733,394	P41,897,319
Non-controlling interest	*27*	**(2,698,827)**	(1,993,873)	(2,053,966)
		180,388,491	P192,739,521	P39,843,353
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit obligation, net of tax	*26*	**14,897,978**	13,899,945	(7,388,546)
Unrealized holding gain (loss) on financial assets at FVOCI	*26*	**(1,568,430)**	(3,365,984)	5,316,590
		13,329,548	10,533,961	(2,071,956)
TOTAL COMPREHENSIVE INCOME		**P193,718,039**	P203,273,482	P37,771,397
BASIC EARNINGS PER SHARE	*28*	**P0.02**	P0.02	P0.01

See Notes to the Consolidated Financial Statements.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Equity Attributable to Equity Holders of the Parent Company							
	Capital Stock (Note 25)	Additional Paid-in Capital (Note 25)	Reserves (Note 26)	Retained Earnings (Note 26)	Treasury Stock (Note 25)	Total	Non-controlling Interests (Note 27)	Total Equity
Balance at January 1, 2020	P2,344,266,245	P557,014,317	P46,376,118	P1,113,176,522	(P110,049,633)	P3,950,743,569	(P15,994,472)	P3,934,789,097
Comprehensive income (loss)								
Net income (loss) for the year	-	-	-	41,897,319	-	41,897,319	(2,053,966)	39,843,353
Other comprehensive loss for the year	-	-	(2,071,956)	-	-	(2,071,956)	-	(2,071,956)
Total comprehensive income for the year	-	-	(2,071,956)	41,897,319	-	39,825,363	(2,053,966)	37,771,397
Balance at December 31, 2020	2,344,226,245	557,014,317	44,304,162	1,155,073,841	(110,049,633)	3,990,568,932	(18,048,438)	3,972,560,494
Comprehensive income								
Net income for the year	-	-	-	194,733,394	-	194,733,394	(1,993,873)	192,739,521
Other comprehensive income for the year	-	-	10,533,961	-	-	10,533,961	-	10,533,961
Adjustments	-	-	(2,637,009)	-	-	(2,637,009)	-	(2,637,009)
Total comprehensive income for the year	-	-	7,896,952	194,733,394	-	202,630,346	(1,993,873)	200,636,473
Transaction with owners								
Issuance of shares during the year	2,088,888,889	66,125,489	-	-	-	2,155,014,378	-	2,155,014,378
Collection of subscription receivable	74,037	-	-	-	-	74,037	-	74,037
Total transaction with owners	2,088,962,926	66,125,489	-	-	-	2,155,088,415	-	2,155,088,415
Balance at December 31, 2021	4,433,189,171	623,139,806	52,201,114	1,349,807,235	(110,049,633)	6,348,287,693	(20,042,311)	6,328,245,382
Comprehensive income								
Net income for the year	-	-	-	183,087,319	-	183,087,319	(2,698,827)	180,388,492
Other comprehensive income for the year	-	-	13,329,548	-	-	13,329,548	-	13,329,548
Adjustments	-	-	-	3,711,777	-	3,711,777	-	3,711,777
Total comprehensive income for the year	-	-	13,329,548	186,799,096	-	200,128,644	(2,698,827)	197,429,817
Transaction with owners								
Issuance of shares during the year	-	-	-	-	-	-	-	-
Collection of subscription receivable	22,500	-	-	-	-	22,500	-	22,500
Total transaction with owners	22,500	-	-	-	-	22,500	-	22,500
Balance at December 31, 2022	**P4,433,211,671**	**P623,139,806**	**P65,530,662**	**P1,536,606,331**	**(P110,049,633)**	**P6,548,438,837**	**(P22,741,138)**	**P6,525,697,699**

See Notes to the Consolidated Financial Statements.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Note	**2022**	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P305,547,988**	P252,377,845	P122,599,591
Adjustments for:				
Finance costs	*12,14*	**63,809,071**	70,888,773	36,787,064
Impairment loss on trade and other receivables	*6,22*	**27,589,342**	24,559,812	5,107,257
Depreciation and amortization	*21,22*	**27,990,961**	22,603,519	24,452,354
Provision for retirement benefits	*16*	**15,631,169**	15,373,885	14,596,841
Equity in net loss of an associate	*9*	**1,431,300**	4,488,055	3,409,093
Gain on repossession of real estate inventories	*20*	**(1,498,643)**	(14,287,462)	(12,057,967)
Unrealized foreign exchange loss (gain) – net	*20,23*	**(1,952,441)**	(1,434,240)	1,183,942
Dividend income	*5,20*	**(1,953,910)**	-	-
Interest income	*19*	**(15,924,493)**	(17,404,620)	(13,728,349)
Gain on change in fair value of investment properties	*10,20*	**(526,868,292)**	(610,925,892)	(286,750,907)
Loss on cancellation of sale of investment property	*10,23*	**-**	87,996,422	-
Loss on sublease	*23*	**-**	2,769,442	-
Loss on sale of property and equipment	*23*	**-**	38,793	-
Operating loss before working capital changes		**(106,197,948)**	(162,955,668)	(104,401,081)
Decrease (increase) in:				
Trade and other receivables		**18,515,029**	512,751,925	367,102,002
Prepayments and other assets		**2,783,533**	(2,413,716)	(6,042,231)
Real estate inventories		**69,979,015**	78,532,024	29,067,260
Other non-current assets		-	(3,500,000)	-
Increase (decrease) in:				
Trade and other payables		**(26,867,654)**	(52,203,778)	(84,355,227)
Unearned income		**-**	(1,361,382)	65,739
Other non-current liabilities		**(544,808)**	1,502,544	(2,073,117)
Cash generated from (absorbed by) operations		**(42,332,834)**	370,351,949	199,363,345
Interest received	*19*	**15,924,493**	16,427,063	13,728,349
Dividends received	*20*	**1,953,910**	-	-
Retirement benefit paid	*16*	**-**	(1,424,639)	(5,501,967)
Contributions to retirement fund	*16*	**-**	(500,000)	(2,000,000)
Net cash from (used in) operating activities		**(24,454,431)**	384,854,373	205,589,727
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	*11*	**(4,768,327)**	(6,427,388)	(1,995,547)
Additions to investment properties	*10*	**(30,030,586)**	(6,571,762)	(61,376,533)
Disposal of investment properties	*10*	**-**	14,000,000	-
Proceeds from disposal of property and equipment	*11*	**24,135**	1,071,894	171,763
Return of investments	*9*		-	7,045,222
Net cash from (used in) investing activities		**(34,774,778)**	2,072,744	(56,155,095)

Forward

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Notes	**2022**	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loans and note payable	*14*	**P1,013,706,633**	P796,260,165	P831,343,910
Collection of lease receivables	*12*	**23,284,800**	13,737,584	11,300,404
Payments of loans and note payable	*14*	**(931,743,558)**	(1,017,125,554)	(953,104,533)
Finance cost paid	*12,14*	**(63,809,071)**	(68,942,689)	(34,862,853)
Lease liability payments	*12*	**(22,941,000)**	(15,981,379)	(14,112,902)
Proceeds from collection of subscriptions receivable	*25*	**22,500**	74,037	-
Costs incurred in issuance of shares	*25*	**-**	(100,985,622)	-
Net cash from (used in) financing activities		**18,520,304**	(392,963,458)	(159,435,974)
EFFECTS OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS		**1,952,441**	1,434,240	(1,183,942)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(38,756,464)**	(4,602,101)	(11,185,284)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*3*	**202,643,198**	207,245,299	218,430,583
CASH AND CASH EQUIVALENTS AT END OF YEAR	*3*	**P163,886,734**	P202,643,198	P207,245,299

See Notes to the Consolidated Financial Statements.

1. Corporate Information

Philippine Realty and Holdings Corporation (the "Parent Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 13, 1981 with a corporate life of fifty (50) years. The principal activities of the Parent Company include the acquisition, development, sale and lease of all kinds of real estate and personal properties, and as an investment and holding company.

The Parent Company was listed with the Philippine Stock Exchange (PSE) on September 7, 1987.

On June 22, 2021, the Parent Company issued 4,177,777,778 new common shares at par value of P0.50 per share in exchange for two (2) vacant lots in BGC making the Parent Company a subsidiary of Greenhills Properties, Inc. (GPI) (see Note 25).

The Parent Company is 65.20% owned by GPI as at December 31, 2022 and 2021, respectively. The remaining shares are owned by various individuals and institutional stockholders.

The financial position and results of operations of the Parent Company and its subsidiaries (collectively referred to as the "Group") are consolidated in these financial statements (see Note 35).

The Parent Company's registered office is at One Balete, 1 Balete Drive corner N. Domingo St. Brgy. Kaunlaran, District 4, Quezon City 1111, Philippines.

2. Basis of Preparation

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC), as approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The accompanying consolidated financial statements as at and for the year ended December 31, 2022 were approved and authorized for issuance by the Board of Directors (BOD) on March 21, 2023.

Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the following which are measured using alternative basis at each reporting date:

Financial assets at FVPL	Fair value
Financial assets at FVOCI	Fair value
Investment properties	Fair value
Retirement benefit obligation	Present value of the defined benefit obligation less fair value of plan assets

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the presentation and functional currency of the Group. All financial information presented have been rounded to the nearest peso, unless otherwise stated.

Use of Estimates and Judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described in Note 31.

3. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash on hand	**P45,000**	P45,000
Cash in banks	**135,763,217**	118,619,292
Cash equivalents	**28,078,517**	83,978,906
	P163,886,734	P202,643,198

Cash in banks earned an average annual interest of 0.03% and 0.05% in 2022 and 2021, respectively. Cash equivalents represent money market placements or short-term investments with maturities up to three months and annual interests ranging from 3.00% to 4.40% and 0.10% to 2.75% in 2022 and 2021, respectively.

Interest income recognized amounted to P0.49 million, P0.50 million and P0.84 million in 2022, 2021 and 2020, respectively (see Note 19).

4. Financial Assets at Fair Value Through Profit or Loss (FVPL)

This account is composed of listed equity securities that are held for trading amounting to P6,750,000. The fair values of these securities are based on quoted market price.

5. Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

As at December 31, financial assets at FVOCI consist of investments in:

	Note	2022	2021
At cost:			
Listed shares of stock		**P58,332,808**	P58,332,808
Golf and country club shares		**3,350,000**	3,350,000
		61,682,808	61,682,808
Accumulated unrealized holding loss	*26*	**(25,606,702)**	(24,038,272)
		P36,076,106	P37,644,536

The movements in this account are summarized as follows:

	Note	**2022**	2021
Balance at beginning of year		**P37,644,536**	P41,010,520
Fair value adjustments	*26*	**(1,568,430)**	(3,365,984)
Balance at end of year		**P36,076,106**	P37,644,536

The investments in shares of stock of various listed equity securities present the Parent Company with opportunity for return through dividend income. The fair values of these investments are based on quoted market prices. Unrealized holding gains or losses from market value fluctuations are recognized as part of the Group's reserves.

The above investments in equity instruments are not held for trading and the Group irrevocably elected to present subsequent changes in fair values in OCI.

Unrealized holding gain (loss) recognized in other comprehensive income from financial assets at FVOCI amounted to (P1.57) million in 2022, (P3.37) million in 2021 and P5.32 million in 2020 (see Note 26).

Dividend income recognized in profit or loss amounted to P1,953,910 in 2022 and nil in 2021 and 2020 (see Note 20).

6. Trade and Other Receivables

This account is composed of:

	2022	2021
Trade:		
Sale of real estate	**P533,856,617**	P532,504,422
Lease	**24,271,329**	27,651,679
Management fees	**4,970,368**	4,826,041
Commission	**5,165,878**	4,555,206
Premiums receivable	**3,957,483**	2,128,282
Advances	**51,760,569**	28,282,470
Other receivables	**69,174,370**	113,120,069
	693,156,614	713,068,169
Less: allowance for impairment loss	**150,677,407**	119,525,619
	542,479,207	593,542,550
Less: non-current portion	**365,017,469**	461,101,590
Trade and other receivables- current portion	**P177,461,738**	P132,440,960

Trade receivables from sale of real estate include amounts due from buyers of the Parent Company's condominium projects, generally over a period of three (3) to four (4) years. The condominium certificates of title remain in the possession of the Parent Company until full payment has been made by the customers. Trade receivables for restructured accounts carry yield-to-maturity interest rates of 1.5% in 2022 and 2021. Interest income recognized amounted to P0.43 million, P0.62 million and P2.02 million in 2022, 2021 and 2020, respectively (see Note 19).

Certain trade receivables with total carrying value of P189.97 million and P76.26 million as at December 31, 2022 and 2021, respectively, are assigned to a local bank to secure the Parent Company's loans payable (see Note 14).

Advances consist mainly of non-interest bearing cash advances to officers and employees that are settled either through liquidation or salary deduction.

Other receivables include receivables amounting to P45.35 million and P44.02 million as at December 31, 2022 and 2021, respectively, in relation to the parcels of land sold in 2014. The remaining balances are receivables from concessionaires.

Certain balances in 2021 were adjusted to conform with the 2022 presentation.

Receivables amounting to P150.68 million and P119.53 million as of December 31, 2022 and 2021, respectively, were impaired and fully provided for. The movement in the allowance for ECL on receivables are as follows:

	2022						
	Sale of real estate	Lease	Management fees	Premiums receivable	Advances	Other receivables	Total
Beginning balance	P88,650,704	P7,507,749	P600,408	P5,082,902	P862,891	P16,820,965	P119,525,619
Provisions (Reversals)	(5,137,804)	(2,028,939)	2,589,342	-	-	35,729,189	31,151,788
	P83,512,900	P5,478,810	P 3,189,750	P5,082,902	P862,891	P52,550,154	P150,677,407

	2021						
	Sale of real estate	Lease	Management fees	Premiums receivable	Advances	Other receivables	Total
Beginning balance	P79,692,807	P1,038,654	P600,408	P5,115,393	P478,891	P9,852,419	P96,778,572
Provisions (Reversals)	8,957,897	6,469,095	-	(32,491)	384,000	6,968,546	22,747,047
	P88,650,704	P7,507,749	P600,408	P5,082,902	P862,891	P16,820,965	P119,525,619

7. Real Estate Inventories

This account consists of:

	2022	2021
In progress:		
BGC Project	**P252,154,357**	P232,282,519
Andrea North Estate	**129,466,042**	130,987,227
	381,620,399	363,269,746
Completed units:		
Andrea North SkyVillas Tower	**96,696,424**	123,980,597
Andrea North Skyline Tower	**26,008,598**	85,822,208
The Icon Plaza	**29,267,782**	10,957,782
Casa Miguel	**7,192,072**	6,895,314
	159,164,876	227,655,901

forward

Land held for development:		
New Manila, Quezon City	**135,336,913**	135,366,913
BGC	**1,410,000,000**	1,410,000,000
	1,545,336,913	1,545,366,913
	P2,086,122,188	P2,136,292,560

BGC Project represents the cost of the master plan design, excavation works, survey and permits, and capitalized loan interest related to the construction of the new tower in BGC.

On June 22, 2021, the Parent Company received two BGC lots from GPI in exchange for the Parent Company's shares of stock. One of these lots was recognized as part of real estate inventory – land held for development as the land is being used for the Parent Company's BGC condominium project.

On February 15, 2022, the Parent Company's Board of Directors confirmed its November 16, 2021 approval of the reclassification of the Baguio property previously classified as real estate inventories – land held for development to investment properties with the change in use and the management's view of improving the value of the property over time, as well as the approval of the reclassification of a condominium unit in Icon Residences Tower 1 from real estate inventories to investment property due to change in use and the management's view of improving the value of the property over time.

On March 21, 2023, the Parent Company's Board of Directors confirmed its December 20, 2022 approval of the reclassification of parking units in Icon Plaza from investment properties to real estate inventories as these properties have been sold/committed to be sold to several buyers.

Certain real estate inventories are mortgaged as collaterals to loans (see Note 14).

The cost of real estate inventories sold recognized in the consolidated statements of total comprehensive income amounted to P106,296,787, P113,172,007 and P161,787,110 in 2022, 2021 and 2020, respectively.

8. Prepayments and Other Assets

This account consists of:

	2022	2021
Creditable withholding tax	**P308,916,089**	P293,055,070
Prepaid taxes	**38,632,394**	38,632,394
VAT for refund	**24,041,403**	9,418,683
Prepaid expenses	**23,739,449**	36,931,507
Deposits	**4,984,691**	4,624,691
Deferred input VAT	**634,304**	634,304
Input tax – net	**243,368**	279,742
Other assets	**12,238,458**	27,244,628
	P413,430,156	P410,821,019

Creditable withholding tax pertains to taxes withheld by the Group's customers in accordance with tax regulations which remained unutilized as at the end of the reporting period. This can be utilized by the Group as a deduction from future income tax obligations.

Prepaid taxes are unutilized creditable withholding taxes which the Company opted for refund with the Bureau of Internal Revenue.

As at December 31, 2021, PPMI received tax certificates amounting to P3,822,013, transferable and with validity of 5 years.

Prepaid expenses consist of advance payment to contractors, rent, real property tax, insurance premium and membership dues.

Deposits pertain to refundable deposits paid to utility companies. These also include security deposits paid in relation to an office lease agreement.

Certain balances in 2021 were reclassified to conform with the 2022 presentation.

9. Investments in and Advances to Associates

Details of the ownership interests in associates as at December 31 are as follows:

	2022	2021
Meridian Assurance Corporation (MAC)	30%	30%
Le Cheval Holdings, Inc. (LCHI)	45%	45%
Alexandra (USA), Inc. (AUI)	45%	45%

Details of investments in and advances to associates are as follows:

	2022	2021
Meridian Assurance Corporation		
Investment - acquisition cost	**P88,875,080**	P88,875,080
Release of investment	**(7,045,222)**	(7,045,222)
Investment - acquisition cost	**81,829,858**	81,829,858
Accumulated equity in net loss:		
Balance at beginning of year	**(22,287,576)**	(17,799,520)
Equity in net loss for the year	**(1,431,300)**	(4,488,055)
Balance at end of year	**(23,718,876)**	(22,287,575)
	P58,110,982	P59,542,283
Le Cheval Holdings, Inc.		
Investment - acquisition cost	**P11,250**	P11,250
Allowance for impairment loss	**(11,250)**	(11,250)
	-	-
Accumulated equity in net income:		
Balance at beginning of year	**125,149**	125,149
Equity in net loss for the year	**-**	-
Balance at end of year	**125,149**	125,149
	125,149	125,149

forward

	2022	2021
Alexandra (USA), Inc.		
Investment - acquisition cost	**14,184,150**	14,184,150
Allowance for impairment loss	**(14,184,150)**	(14,184,150)
	-	-
Advances to AUI	**132,417,765**	132,417,765
Allowance for unrecoverable advances	**(132,417,765)**	(132,417,765)
	-	-
	P58,236,131	P59,667,432

The imminent liquidation of Alexandra USA, Inc. (AUI) indicates the possible impairment in the value of investment in this entity. In 2011, the Parent Company provided an allowance for impairment loss amounting to P14,184,150 for investments in AUI. The advances were likewise provided with 100% allowance.

The Parent Company also provided an allowance for impairment loss amounting to P11,250 for investments in LCHI.

Aggregated amounts relating to associates are as follows:

	2022	2021
Meridian Assurance Corporation (MAC)		
Total assets	**P370,799,653**	P222,857,213
Total liabilities	**32,697,486**	25,988,007
Net assets	**338,102,167**	196,869,206
Income	**9,900,997**	244,458
Cost and expenses	**(14,577,798)**	(15,204,657)
Net loss	**(P4,676,801)**	(P14,960,199)
Le Cheval Holdings, Inc. (LCHI)		
Total assets	P45,362	P45,362
Total liabilities	142,248	142,248
Net liabilities	(96,886)	(96,886)
Income	-	-
Cost and expenses	-	-
Net loss	P -	P -

The following are the principal activities of the Group's Associates:

<u>Meridian Assurance Corporation</u>
MAC was incorporated and registered with the SEC on March 16, 1960, renewed on November 13, 2007, primarily to engage in the business of insurance and guarantee of any kind and in all branches except life insurance, for consideration, to indemnify any person, firm or corporation against loss, damage or liability arising from any unknown or contingent event, and to guarantee liabilities and obligations of any person, firm or corporation and to do all such acts and exercise all such powers as may be reasonably necessary to accomplish the above purposes which may be incidental.

MAC did not comply with the minimum capital requirement set by the Insurance Commission as of December 31, 2016, as it is ceding its insurance business portfolio to another insurance company. MAC, however, will continue servicing the administrative requirements of all outstanding policies issued until their expiry. On March 30, 2017, the Company wrote the Insurance Commission to apply for a license as a servicing company and tendered its Certificate of Authority (CA) as non-life insurance company. Pending issuance of the servicing license, the Company still issued new policies up to April 30, 2017. On May 1, 2017, the Insurance Commission approved the Company's application as a servicing company and issued a servicing license. As a servicing insurance company, the Company's transactions are confined to: (i) accepting periodic premium payments from its policyholders; (ii) granting policy loans and paying cash surrender values of outstanding policies to its policyholders; (iii) reviving lapsed policies of its policyholders, and (iv) such other related services.

In 2020, the Insurance Commission approved the release of the contingency surplus of MAC to its stockholders. The Parent Company received its 30% share amounting to P7,045,222.

On July 7, 2021, MAC received a letter from the insurance commission confirming MAC's withdrawal from the insurance business. It is also stated in the letter that MAC is no longer required to submit annual financial statements and other documentary requirements to the commission starting financial year-end 2021. As at December 31, 2022, MAC is in the process of preparing the necessary documents for the amendment of Articles of Incorporation and By-laws for filing with the SEC and IC, thereafter, the Company plans to engage in the business of asset management.

The registered office of MAC is Unit E-2003B East Tower, Tektite Towers (formerly Philippine Stock Exchange Centre), Exchange Road, Ortigas Center, Pasig City.

<u>Le Cheval Holdings, Inc.</u>
LCHI was incorporated and registered with the SEC on August 30, 1994 as a holding company and commenced operations as such by acquiring the majority outstanding shares of stock of Philippine Racing Club, Inc. (PRCI), a holding company incorporated in the Philippines. In 1996, LCHI sold its shares of stock with PRCI. Thereafter, LCHI became inactive.

<u>Alexandra (USA), Inc.</u>
AUI was incorporated in the United States of America (USA). AUI is involved in property development in Florida, USA. AUI is jointly owned with GPI (45%) and Warrenton Enterprises Corporation (10%) of William Cu-Unjieng. AUI is in the process of liquidation after the completion of the projects in Naples and Orlando. No information was obtained in the financial status and operations of AUI since 2012.

10. Investment Properties

The Group obtained the services of an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The effects are detailed below:

	Note	2022	2021
Cost			
Balance, beginning		**P2,096,426,618**	P1,213,476,678
Additions		**30,030,586**	6,571,762
Return due to sales cancellation		**-**	33,859,578
Land acquired through share swap		**-**	846,000,000
Disposal		**-**	(14,000,000)
Reclassification from (to) real estate inventories	*7*	**(18,310,000)**	10,518,600
Adjustment due to changes in investment in finance lease		**(18,479,044)**	-
Balance, ending		**2,089,668,160**	2,096,426,618
Accumulated unrealized holding gain		**2,836,797,113**	2,309,928,821
		P4,926,465,273	P4,406,355,439

Details of investment properties are as follows:

	2022	2021
Cost of investment properties		
BGC	**P846,000,000**	P846,000,000
Tektite East	**536,346,957**	522,480,432
Baguio	**399,436,449**	384,400,952
Tektite West	**183,603,423**	183,603,423
The Icon Plaza	**79,903,153**	115,563,633
San Fernando City, La Union	**33,859,578**	33,859,578
Icon Residences Tower 1	**10,518,600**	10,518,600
	P2,089,668,160	P2,096,426,618

<u>BGC</u>
On June 22, 2021, the Parent Company received two BGC lots from GPI in exchange for the Parent Company's shares of stock. One of these lots was recognized as part of investment properties as the land has undetermined use as of the reporting date and will be held for capital appreciation.

<u>Tektite East and West Towers</u>
In 2020, the Company acquired condominium units and parking spaces at the East and West Towers of Tektite Towers.

<u>Baguio</u>
With the positive outlook of growth in 2018, the Parent Company saw the opportunity to develop Baguio property into a residential development for sale. The property was then classified as part of real estate inventories – land held for development. In 2019, the Parent Company continued with the original plan to develop the property, however, in 2020, due to the effect of COVID-19 pandemic on the overall economic condition, the parent Company reviewed its strategy to assume a more conservative approach by adjusting its development schedules to ensure its stability and managing cash flow. The Parent Company decided to prioritize the development of a residential tower in BGC. Consequently, the development plan for the Baguio

property was shelved with a view of improving the value of the property over time. In the meantime, a lease was entered with PPMI, a subsidiary company, to generate cash flow to cover a portion of the costs of maintaining the property. With the Parent Company' view of improving the value of the property over time, the Parent Company with the approval of its Board of Directors, reclassified this property to Investment Properties.

Icon Residences Tower 1
On November 16, 2021, the Parent Company's Board of Directors approved the reclassification of a condominium unit in Icon Residences Tower 1 from real estate inventories to investment property due to change in use. On November 24, 2021, the Parent Company received a formal offer to lease the unit once renovation and repairs are completed and the unit is ready for occupancy. Renovation and repairs were delayed due to issues with a unit owner who owned the unit where the damage emanated from.

The Icon Plaza
On March 21, 2023, the Parent Company's Board of Directors confirmed its December 20, 2022 approval of the reclassification of several parking units in Icon Plaza from investment properties to real estate inventories as these properties have been sold/are committed to be sold to several buyers.

San Fernando, La Union
On November 29, 2021, the Parent Company cancelled its Contract to Sell agreement dated December 18, 2014 with Humboltbay Holdings, Inc for the San Fernando, La Union lot originally classified as investment property prior to sale. The Parent Company incurred a loss on sale cancellation of investment property amounting to P87,996,422 (see Note 23).

Details of the accumulated unrealized holding gain are as follows:

	2022	2021
Accumulated unrealized holding gain		
Tektite East Tower	**P1,047,126,177**	P1,031,291,177
Tektite West Tower	**566,540,552**	556,747,007
San Fernando, La Union	**295,480,822**	249,372,822
BGC	**738,000,000**	246,800,000
The Icon Plaza	**72,345,367**	110,035,367
Baguio	**106,542,795**	104,921,048
Icon Residences Tower 1	**10,761,400**	10,761,400
	P2,836,797,113	P2,309,928,821

The movements in accumulated unrealized holding gain in 2022 and 2021 are as follows:

	Note	**2022**	2021
Beginning balance		**P2,309,928,821**	P1,699,002,929
Increase in fair value during the year	*20*	**526,868,292**	610,925,892
Total		**P2,836,797,113**	P2,309,928,821

An independent valuation of the Group's investment properties was performed by qualified appraisers as of December 14, 2022, December 15, 2022, December 22, 2022 and March 29, 2023 to determine their fair values. The external independent appraiser used sales comparison approach in arriving at the value of the properties. In this approach, the values of the properties were determined based on sales and listings of comparable properties. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity or at a different floor level of the same building. Comparison would be premised on factors such as location, size and physical attributes, selling terms, facilities offered and time element.

Rental income recognized from the investment properties amounted to P55,200,865 in 2022, P55,175,665 in 2021 and P55,175,665 in 2020. Real property taxes attributable to the investment property amounted to P7,870,171 in 2022, P8,327,454 in 2021 and P22,124,552 in 2020 are included as part of taxes and licenses in cost of services. Condominium dues attributable to the investment properties amounted to P8,395,079 in 2022, P9,823,728 in 2021 and P10,127,213 in 2022 are included also in cost of services.

Certain investment properties are mortgaged as collateral to loans (see Note 14).

11. Property and Equipment

The details of the carrying amounts of property and equipment, the gross carrying amounts, and accumulated depreciation and amortization of property and equipment are shown below:

	For the Years Ended December 31, 2022 and 2021				
	Condominium Units, Building and Building Improvements	Office Furniture, Fixtures and Equipment	Transportation, Machinery and Other Equipment	Leasehold and Office Improvements	Total
Cost					
January 1, 2021	P96,427,199	P28,212,788	P66,375,292	P1,221,181	P192,236,460
Additions	5,500,000	859,554	67,835	-	6,427,389
Disposals	-	(288,482)	(2,757,103)	-	(3,045,585)
December 31, 2021	101,927,199	28,783,860	63,686,024	1,221,181	195,618,264
Additions	-	2,093,451	-	-	2,093,451
Adjustments	2,650,014	-	-	-	2,650,014
Disposals	-	(244,955)	-	-	(244,955)
December 31, 2022	104,577,213	30,632,356	63,686,024	1,221,181	200,116,774
Accumulated depreciation					
January 1, 2021	34,902,341	27,656,078	47,508,775	1,123,969	111,191,163
Provision	3,402,418	1,320,145	8,254,030	4,437	12,981,030
Disposals	-	(288,482)	(1,308,915)	-	(1,597,398)
December 31, 2021	38,304,759	28,687,741	54,453,890	1,128,406	122,574,796
Provision	11,269,593	1,429,613	4,702,709	92,775	17,494,691
Disposals	-	(249,817)	-	-	(249,817)
Adjustments	-	(24,862)	-	-	(24,862)
December 31, 2022	49,574,353	29,842,674	59,156,599	1,221,181	139,794,808
Carrying Amount					
At December 31, 2021	P63,622,440	P96,119	P9,232,134	P92,775	P 73,043,468
At December 31, 2022	**P55,002,860**	**P789,682**	**P4,529,425**	**P -**	**P60,321,966**

Certain transportation equipment of the Group with total carrying value of P2.7 million and P8.85 million and as at December 31, 2022 and 2021, respectively are pledged as security under chattel mortgage (see Note 14).

12. Leases

A. Rights-of -use assets

The Parent Company leases two parcels of land located at 5th Avenue corner 24th Street and 5th avenue corner 25th Street, Bonifacio Global City, Taguig City. These contracts have a term of fifteen (15) years, renewable for another ten years upon submission of a written notice to renew at least ninety days prior to the expiration of the original term, with terms and conditions mutually agreed by both parties.

The Parent Company also leases Unit 10A in Icon Plaza located 26th Street, Bonifacio Global City, Taguig City. The contract has a term of five (5) years and is renewable upon mutual agreement of both parties.

The carrying amount of right-of-use assets as at December 31, 2022 and 2021 is shown below.

	2022	2021
Right-of-use assets	**P132,987,647**	P114,508,603
Accumulated depreciation	**(35,573,046)**	(25,076,776)
	P97,414,601	P89,431,827

Amounts recognized in profit or loss:

	Note	2022	2021
Depreciation expense	*21,22*	**P10,496,270**	P9,622,488
Interest expense		**8,824,235**	10,506,780

B. Investments in finance lease

The Parent Company entered into a sublease contract relating to one of the parcels of land being leased in BGC as discussed above. This agreement was assessed by the management to be of a finance lease. This agreement is renewable at the end of the lease term of initially fifteen (15) years upon mutual consent of the parties.

Amounts receivable under finance lease	2022	2021
Year 1	**P23,672,896**	P23,284,800
Year 2	**24,449,088**	23,672,896
Year 3	**24,856,576**	24,449,088
Year 4	**25,671,552**	24,856,576
Year 5	**26,099,392**	25,671,552
Onwards	**131,248,896**	157,348,288
Undiscounted lease payments	**255,998,400**	279,283,200
Present value of minimum lease payments receivable	**P201,677,275**	P214,732,527
Less: current portion	**14,099,824**	13,055,174
Investment in finance lease – net of current portion	**P187,577,451**	P201,677,353

Amounts recognized in profit or loss:

	Note	**2022**	2021
Interest income	*19*	**P10,299,536**	P11,816,719
Loss on sublease	*23*	**-**	2,769,442

In 2021, the incremental borrowing rate used to calculate the present value of lease payments was adjusted. The effects of the change in rates were applied prospectively.

C. **Lease liabilities**

A maturity analysis of lease liabilities under both lessee and lessor based on the total cash flows is reported in the table below:

	2022		2021	
	Undiscounted	**Discounted**	Undiscounted	Discounted
Right-of-use assets				
Less than 1 year	**P11,812,050**	**P7,726,363**	P11,781,000	P7,341,175
More than 1 year	**98,056,703**	**79,981,943**	109,868,753	87,708,307
	109,868,753	**87,708,306**	121,649,753	95,049,482
Finance lease				
Less than 1 year	**11,160,000**	**7,115,095**	11,160,000	6,775,589
More than 1 year	**96,720,000**	**78,679,760**	107,880,000	85,794,855
	107,880,000	**85,794,855**	119,040,000	92,570,444
	P217,748,753	**P173,503,161**	P240,689,753	P187,619,926

D. **Short-term operating leases as lessor**

The Group entered into short-term lease agreements including condominium units, office spaces, food plaza spaces and parking spaces. The lease contracts between the Group and its lessees have a term of one (1) to two (2) years which are renewable.

Total rental income earned in 2022, 2021 and 2020 amounted to P56.67 million, P55.30 million and P69.34 million, respectively.

Deferred rental income classified under other non-current liabilities amounting to P40.43 million and P40.97 million as of December 31, 2022 and 2021, respectively, pertains to advance rent received from lessees to be applied on the last three (3) months of the lease contract.

Refundable deposits on these lease agreements amounted to P17,242,595 and P17,549,121 in 2022 and 2021, respectively, and are included as part of trade and other payables (see Note 13).

E. **Short-term operating leases as lessee**

PPMI leases its office premises for a period of one (1) year, renewable upon mutual consent of both parties:

	Terms
Office premises	December 1, 2021 to November 30, 2022
Subleased property*	December 1, 2020 to November 30, 2021

Rent expense charged to profit or loss amounted to P304,632 and P526,243 in 2022 and 2021, respectively (see Note 21).

13. Trade and Other Payables

This account consists of:

	Note	2022	2021
Accrued expenses		**P60,875,331**	P37,614,146
Non-trade payables		**56,865,807**	53,105,832
Customers' deposits		**22,485,042**	42,087,043
Retention fees payable		**21,682,353**	40,072,890
Refundable deposits	*12*	**17,242,595**	17,549,121
Due to government agencies		**8,360,308**	2,239,250
Trade payables		**7,640,712**	29,352,067
Others		**54,525**	53,978
		195,206,673	222,074,327
Less: non-current portion		**84,852,490**	71,825,744
		P110,354,183	P150,248,583

Customers' deposits consist of down payments representing less than 25% of the contract price of the condominium units sold which are deductible from the total contract price.

Retention fees payable pertain to retention fees withheld from the contractors of ongoing and completed projects.

Accrued expenses consist of accrual for costs on outside services, insurance, supplies, tax and other legal expenses.

Due to government agencies consist mainly of payable to the Bureau of Internal Revenue, SSS, HDMF and Philhealth.

Others consist of refunds payable, commission payable and unearned rent income.

Non-current portion of trade and other payables which mainly pertains to transfer fees, refundable deposits and accruals amounted to P84,852,490 and P71,825,744 as at December 31, 2022 and 2021, respectively.

14. Loans and Note Payable

Loans Payable

The movements in the loans payable are summarized as follows:

	2022	2021
Balance at beginning of year	**P810,600,803**	P1,030,593,284
Availments of loan	**1,013,706,633**	796,260,165
Payments of principal	**(930,940,131)**	(1,016,252,646)
Balance at end of year	**P893,367,305**	P810,600,803

The loans payable is composed of the following:

	2022	2021
Payable within one year:		
Philippine National Bank	**P250,000,000**	P200,000,000
Philippine Bank of Communications	**413,706,633**	175,495,279
Union Bank of the Philippines	**1,583,107**	3,492,417
RCBC Savings Bank	**536,450**	2,147,122
	665,826,190	381,134,818
Payable after one year:		
Philippine Bank of Communications	**226,260,165**	426,260,165
Union Bank of the Philippines	**706,599**	2,046,478
RCBC Savings Bank	**574,351**	1,159,342
	227,541,115	429,465,985
	P893,367,305	P810,600,803

Philippine National Bank (PNB)
In 2021, the Parent Company availed of working capital loans from Philippine National Bank with a total principal amount of P480 million which has been fully paid in 2022. The Company availed new loans in 2022 with total principal amount of P650 million. These loans bear an interest ranging from 4.50% to 6.00% annually and payable within three (3) months subject to extension upon lapse of the maturity date. Interest rates will then be re-evaluated to conform with the current period's rate. These loans are secured by certain real estate inventories with the carrying amount of P135.4 million (see Note 7).

Philippine Bank of Communications (PBCom)
In 2017, the Parent Company entered into a long-term credit facility agreement with PBCom. PBCom approved a P500 million Term Loan under which the Company drew down P500 million in September 2017. These loans are payable within five (5) years from the date of drawdown. These loans bear 6% interest rate and are payable quarterly in arrears and secured by certain inventories mortgaged in favor of PBCom with the total carrying amount of nil and P122.60 million as of December 31, 2022 and 2021. The collaterals securing the Term Loan availed in 2017 were already released as at December 31, 2022 as the said Term Loan was already fully paid as at December 31, 2022.

In 2019, the Parent Company entered into a long-term credit facility agreement with PBCom. PBCom approved a Term Loan under which the Company drew down P500 million during 2019. These loans are payable within six (6) years from the date of drawdown. These loans bear 8.5% interest rate and are payable quarterly in arrears and secured by certain investment properties mortgaged in favor of PBCom with the total carrying amount of P390.4 million and P592.5 million as of December 31, 2022 and 2021.

In 2020, PBCom approved a Loan Line amounting to P300 million available for drawings up to 180-day promissory notes (PNs). These loans bear 4.5% to 5.5% interest rate payable at maturity of the PNs. The principal payment is on the maturity date of the PNs.

In 2021, PBCOM approved a Contract to Sell Financing line amounting to P300 million available for drawings. The Company drew down P114 million and P76 million in 2022 and 2021, respectively. These loans bear 7.0% to 7.5% interest rate payable at maturity of the deed of undertaking and secured by certain receivables assigned in favor of PBCom amounting to P189.97 million and P76.26 million as at December 31, 2022 and 2021, respectively (see Note 6).

Union Bank of the Philippines (UBP)
In July 2016, the Company availed car loans from Union Bank which bears 9.11% interest and is payable in installment within sixty (60) months. These loans are secured by certain transportation equipment of the Company (see Note 11).

RCBC Savings Bank (RCBC)
In July 2017, the Company availed a car loan from RCBC Savings Bank which bears 8.72% interest and is payable in installment within sixty (60) months. These loans are secured by certain transportation equipment of the Company (see Note 11).

Total interest on loans payable charged to profit or loss amounted to P54,819,311, P60,124,456 and P24,864,954 in 2022, 2021 and 2020, respectively. Total interest on loans payable capitalized amounted to nil and P348,502 in 2022 and 2021, respectively. The capitalization rates are nil and 4.75% in 2022 and 2021, respectively.

Note Payable

RCBC Savings Bank
In 2019, PPMI availed of a five-year note payable amounting to P3,744,000 from a local bank to finance the purchase of transportation equipment. The note carries interest at 11.04% per annum. The loan was obtained in February 2019 and will mature in February 2024.

The movements in the note payable are summarized as follows:

	2022	2021
Balance at beginning of year	**P1,859,486**	P2,732,394
Payments of principal	**(803,427)**	(872,908)
Balance at end of year	**P1,056,059**	P1,859,486

Outstanding balance of note is composed of the following:

	2022	2021
Payable within one year	**P896,804**	P803,427
Payable after one year	**159,255**	1,056,059
	P1,056,059	P1,859,486

Interest expense charged to profit or loss amounted to P165,525 and P257,537 in 2022 and 2021, respectively.

15. Related Party Transactions

The details of related party transactions and balances are as follows:

As at and for the year ended December 31, 2022:	**Transactions**	**Outstanding balance**	**Terms and conditions**
Trade receivables			Sales of condominium units and parking spaces to related parties are based on the effective price list and terms that would be available to third parties. The receivables are secured with related units until full payment.
Ultimate Parent Company			
Greenhills Properties, Inc.			
Sale of parking space	**P -**		
Collections during the year	**-**	**P51,892,140**	
Purchase of services			Purchase of services is negotiated with related parties on a cost-plus basis and is due 30 days after the end of the month. These payables are unsecured and bear no interest and settled in cash.
Subsidiary			
Tektite Insurance Brokers, Inc.	**P6,959,695**		
Purchase of services	**6,941,894**	**17,801**	
Payments during the year			
Advances			Advances to subsidiaries and associates are unsecured, non-interest bearing and to be settled in cash.
Alexandra (USA), Inc., Associate	**-**	**132,417,765**	
Le Cheval Holdings, Inc., Associate	**-**	**122,248**	
Less: Allowance for impairment loss	**-**	**132,540,013**	
Balance, net	**-**	**-**	
Key management personnel			Key management includes directors (executive and non-executive) and executive officers. Short-term benefits are payable monthly and post-employment benefits are payable upon retirement
Short-term benefits	**P -**	**-**	
Salaries and other short-term employee benefits	**43,439,819**	**-**	
Post-employment benefits	**-**	**-**	
Provision for retirement benefits/PVO	**7,869,438**	**-**	

As at and for the year ended December 31, 2021:	**Transactions**	**Outstanding balance**	**Terms and conditions**
Trade receivables			Sales of condominium units and parking spaces to related parties are based on the effective price list and terms that would be available to third parties. The receivables are secured with related units until full payment.
Ultimate Parent Company			
Greenhills Properties, Inc.			
Sale of parking space	P1,300,000		
Collections during the year	(1,300,000)	P51,892,140	
Purchase of services			Purchases of services are negotiated with related parties on a cost-plus basis and are due 30 days after the end of the month. These receivables are unsecured and bear no interest and settled in cash.
Subsidiary			
Tektite Insurance Brokers, Inc.			
Purchase of services	6,260,354		
Payments during the year	(6,260,354)	-	

forward

As at and for the year ended December 31, 2021:	Transactions	Outstanding balance	Terms and conditions
Advances			Advances to subsidiaries and associates are unsecured, non-interest bearing and to be settled in cash.
Alexandra (USA), Inc., Associate	-	132,417,765	
Le Cheval Holdings, Inc., Associate	-	122,248	
Meridian Assurance Corp. Associate	16		
Less: Allowance for impairment loss	(16)	(132,540,013)	
Balance, net	-	-	
Key management personnel			Key management includes directors (executive and non-executive) and executive officers. Short-term benefits are payable monthly and post-employment benefits are payable upon retirement
Short-term benefits	P -	-	
Salaries and other short-term employee benefits	41,668,747	-	
Post-employment benefits	-	-	
Provision for retirement benefits/PVO	7,297,122	-	

Management Services
PPMI provides general management services and financial management and supervision over the janitorial and security services for the efficient administration of the properties of GPI, the ultimate parent company, and third parties, collectively referred herein as property owners. In consideration for said services, PPMI charges the property owners a fixed monthly amount, with a 10% escalation rate annually. These management contracts are renewable for a period of two (2) to three (3) years upon mutual agreement of both PPMI and the property owners.

Advances to related parties
The Parent Company's substantial receivables from AUI, an associate, which is intended to fund the latter's working capital requirement, represents non-interest-bearing advances with no fixed term with the option to convert to equity in case of increase in capital. Advances contributed by AUI's stockholders were in accordance with the percentage of ownership of the stockholders in AUI. With the imminent liquidation of AUI, the receivables have been fully provided with allowance for impairment losses since 2011.

16. Retirement Benefit Plans

The Parent Company and Tektite Insurance Brokers, Inc. (TIBI) operate funded, non-contributory defined benefit retirement plans covering substantially all of their regular employees. The plans are administered by local banks as trustee and provide for a lump-sum benefit payment upon retirement. The benefits are based on the employees' monthly salary at retirement date multiplied by years of credited service. No other post-retirement benefits are provided.

PPMI has an unfunded, noncontributory defined benefit retirement plan.

Through their defined benefit retirement plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

- *Asset volatility* - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.

- *Inflation risk - Some of the Group retirement obligations are linked to inflation, and higher inflation will lead to* higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plans' assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by an independent actuary on February 28, 2023, March 10, 2023 and April 19, 2023 for the year ended December 31, 2022. The present values of the defined benefit obligations, the related current service costs and past service costs were measured using the Projected Unit Credit Method.

Key assumptions used for the Parent Company:

	Valuation at	
	2022	2021
Discount rate	**7.22%**	5.03%
Future salary increase	**4.00%**	4.00%

Key assumptions used for PPMI:

	Valuation at	
	2022	2021
Discount rate	**7.22%**	5.08%
Future salary increase	**6.00%**	6.00%

Key assumptions used for TIBI:

	Valuation at	
	2022	2021
Discount rate	**5.21%**	1.97%
Future salary increase	**5.00%**	5.00%

Assumptions regarding future mortality and disability are set based on actuarial advice in accordance with published statistics and experience.

The reconciliation of the present value of the defined benefit obligation (DBO) and the fair value of the plan assets to the recognized liability presented as accrued retirement liability in the consolidated statements of financial position is as follows:

	2022	2021
Present value of defined benefit obligation	**P94,301,784**	P99,028,667
Fair value of plan assets	**27,348,299**	28,098,491
Recognized liability	**P66,953,485**	P70,930,176

The movements in the present value of defined benefit obligation are shown below:

	2022	2021
Liability at beginning of year	P99,028,667	P101,087,591
Adjustments	-	1,795,913
Current service cost	12,174,121	12,438,972
Interest cost	4,642,214	3,875,531
Remeasurement gains		
Changes in financial assumptions	(20,097,390)	(11,057,446)
Changes based on experience	(1,357,585)	(7,680,074)
Changes in demographic assumptions	-	(7,181)
Benefits paid from plan assets	(88,243)	-
Benefits paid from Company operating funds	-	(1,424,639)
Liability at end of year	P94,301,784	P99,028,667

The movements in the plan assets are shown below:

	2022	2021
Fair value of plan assets at beginning of year	P28,098,491	P27,666,680
Interest income	1,185,166	940,618
Actual contribution	-	500,000
Remeasurement loss	(1,935,358)	(1,008,807))
Fair value of plan assets at end of year	P27,348,299	P28,098,491

The Parent Company expects to contribute P2,000,000 to the retirement fund in 2023.

The main categories of plan assets as at December 31, 2022 and 2021 are as follows:

	2022	2021
Cash and cash equivalents	P21,860,161	P21,793,845
Equity instruments	5,453,747	6,325,056
Accrued interest	58,134	3,081
Liabilities	(23,743)	(23,491)
	P27,348,299	P28,098,491

The retirement expense recognized in profit or loss consists of:

	2022	2021	2020
Current service cost	P12,174,121	P12,438,972	P12,252,598
Net interest on defined benefit liability	3,457,048	2,934,913	2,344,243
	P15,631,169	P15,373,885	P14,596,841

The provision for retirement benefits is recognized under general and administrative expenses in the consolidated statements of total comprehensive income (see Note 22).

The sensitivity analysis of the defined benefit obligation is:

	Increase (decrease) in basis points	Effect on defined benefit obligation
Discount rate	1.00%	(P6,878,162)
	(1.00%)	8,116,757
Future salary increase	1.00%	8,261,454
	(1.00%)	(7,105,910)

The above sensitivity analyses are based on changes in principal assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement liability recognized in the consolidated statements of financial position.

The BOD reviews the level of funding required for the retirement fund. This includes the asset-liability matching (ALM) strategy and investment risk management policy. The Group's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Group monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligation.

As of December 31, 2022, the weighted average duration of defined benefit obligation are 8.10, 11.50 and 2.80 years for Parent Company, PPMI and TIBI, respectively (2021: 10.20,14.90, and 3.90 years, respectively).

17. Management Fees and Other Services Fees

The Group provides general management services and financial management and supervision over the janitorial and security services through PPMI. In consideration for the said services, the Group charges the property owners a fixed monthly amount with a 10% escalation rate annually. These management contracts are renewable for a period of two (2) to three (3) years upon mutual agreement of both PPMI and the property owners. The Group is entitled to fixed reimbursement of actual cost of the on-site staff. The total income from management fees and other services fees amounted to P34.66 million, P36.78 million and P42.85 million in 2022, 2021 and 2020, respectively.

18. Commission

The Group's commission income derived from insurance brokerage amounted to P5.57 million, P4.51 million and P4.46 million in 2022, 2021 and 2020, respectively.

19. Interest Income

The Group's interest income was derived from the following:

	Note	2022	2021	2020
Sublease	*12*	**P10,229,536**	P11,816,719	P10,875,595
Penalty for late payments		**4,305,819**	4,127,556	-
Cash and cash equivalents	*3*	**494,516**	495,270	836,357
Trade receivables	*6*	**431,600**	619,736	2,016,397
Others		**463,022**	345,339	-
		P15,924,493	P17,404,620	P13,728,349

20. Other Income

The account consists of:

	Notes	2022	2021	2020
Gain on change in fair value of investment properties	*10*	**P526,868,292**	P610,925,892	P286,750,907
Dividend income	*5*	**1,953,910**	-	-
Foreign exchange gain		**1,952,441**	1,434,240	-
Gain on repossession of real estate inventories		**1,498,643**	14,287,462	12,057,967
Gain on money market investments		**-**	34,652	-
Others	*6,15*	**8,236,429**	10,484,867	11,367,237
		P 540,509,715	P637,167,113	P310,176,111

Others mainly consists of reversal of allowance for impairment losses on receivables and gain on repossession of real estate inventories.

21. Cost of Services

The account consists of:

	Note	2022	2021	2020
Salaries, wages, and other benefits		**P18,387,056**	P20,657,116	P25,810,786
Condominium dues	*10*	**8,395,079**	9,823,728	10,127,213
Depreciation and amortization on ROU assets	*12*	**8,763,860**	8,466,620	8,430,511
Taxes and licenses		**7,949,813**	8,595,591	23,352,566
Outside services		**6,774,278**	4,063,409	3,745,552
Utilities		**4,804,628**	4,167,232	4,283,890
Insurance and bond premiums		**2,052,286**	2,131,294	2,050,936
Commission		**1,630,729**	627,766	357,785
SSS, Pag-IBIG and other contributions		**1,459,167**	1,558,212	1,787,728
Repairs and maintenance		**649,308**	1,492,363	788,667
Communication		**532,221**	618,175	-
Rental	*12*	**364,098**	561,943	604,252
Employees' welfare		**64,823**	101,192	77,419
Transportation and travel		**-**	38,000	-
Supplies and materials		**-**	-	258,385
Others		**723,752**	5,860,819	1,479,285
		P62,551,098	P68,763,460	P83,154,975

Others include various expenses that are individually insignificant.

22. General and Administrative Expenses

The account consists of:

	Note	2022	2021	2020
Salaries, wages, and other benefits		**P71,586,651**	P69,048,790	P83,787,422
Taxes and licenses		**64,020,284**	44,916,582	51,393,428
Transportation and travel		**34,324,100**	15,408,094	16,448,165
Marketing expense		**33,285,461**	40,531,274	47,599,104
Provision for impairment loss on trade and other receivables	*6*	**27,589,342**	24,559,812	5,107,257
Professional fees		**21,799,851**	21,423,175	20,094,194
Depreciation and amortization				
Property and equipment	*11*	**17,494,691**	12,981,031	14,756,859
ROU assets	*12*	**1,732,410**	1,155,868	1,264,984
Provision for retirement benefits	*16*	**15,631,169**	15,373,885	14,596,841
Insurance and bond premiums		**7,295,002**	12,445,616	5,570,144
Outside services		**6,726,186**	5,809,893	5,044,580
SSS, Pag-IBIG, Medicare and other benefits		**5,761,900**	5,528,706	4,943,382
Repairs and maintenance		**5,461,617**	5,919,526	7,304,244
Condominium dues		**5,351,072**	8,069,082	5,044,517
Postage and communication		**2,455,107**	2,377,689	2,055,719
Utilities		**1,838,399**	1,879,823	3,076,739
Representation and entertainment		**916,823**	770,962	644,978
Membership dues		**697,754**	-	-
Rental	*12*	**516,225**	86,844	77,539
Supplies and materials		**168,221**	3,120,464	154,644
Corporate social responsibility		**-**	-	100,000
Miscellaneous		**13,812,764**	13,035,889	6,867,826
		P338,465,029	P304,443,005	P295,932,566

Miscellaneous expenses include PSE fees, trainings and seminars, donations and contributions, fines, penalties and various individually insignificant expenses.

23. Other Expenses

The account consists of:

	Note	2022	2021	2020
Bank charges		**P144,637**	P48,161	P447,417
Loss on money market investment		**85,414**	-	29,041
Loss on sale of property and equipment		**-**	38,793	-
Foreign exchange loss		**-**	-	1,183,942
Loss on cancellation of sale of investment property	*10*	**-**	87,996,422	-
Loss on sublease	*12*	**-**	2,769,442	-
		P230,051	P90,852,818	P1,660,400

24. Income Taxes

The components of income tax expense are as follows:

	2022	2021	2020
Current	**P1,755,527**	P120,471	P3,629,744
Deferred	**123,403,970**	59,517,853	79,126,494
	P125,159,497	P59,638,324	P82,756,238

The reconciliation of the provision for income tax expense computed at the statutory rate to the provision shown in the consolidated statements of total comprehensive income is as follows:

	2022	2021	2020
Income before income tax	**P305,547,988**	P252,377,845	P122,599,591
Income tax expense using statutory tax rate	**P76,336,592**	P63,646,131	P36,779,877
Additions to (reductions in) income tax resulting from the tax effects of:			
Movement on unrecognized deferred tax assets	**31,723,767**	64,500,197	34,069,759
Non-deductible expenses	**18,144,504**	14,305,124	12,777,838
Unrecognized net operating loss carry-over (NOLCO)	**1,120,162**	848,363	1,310,840
Expired MCIT	**135,344**	-	-
Retirement obligation	**46,860**	51,560	120,318
Limit on interest expense	**30,250**	29,423	92,914
Interest income subjected to final tax	**(123,104)**	(122,698)	(250,908)
Dividend income	**(488,478)**	-	-
Gain on changes in fair value of investment property of a subsidiary	**(1,766,400)**	(150,400)	(2,144,400)
Book and tax difference in income tax expense due to CREATE	**-**	(816,990)	-
Changes in deferred tax assets and liabilities due to reduction in income tax rates under CREATE	-	(82,652,386)	-
	P125,159,497	P59,638,324	P82,756,238

The components of the deferred income tax assets (liabilities) recognized by the Group are as follows:

	2022		2021	
	Tax Base	**Deferred Tax**	Tax Base	Deferred Tax
Deferred Tax Assets:				
Retirement benefit obligation	**P78,526,024**	**P18,229,507**	P67,066,429	P16,017,440
Deferred rent income	**40,437,410**	**10,108,753**	40,982,220	10,244,955
Rent expense derecognized due to PFRS 16	**8,134,602**	**2,033,650**	6,711,918	1,677,980
NOLCO	**-**	**-**	2,321,981	464,396
Impairment loss on receivables	**3,189,750**	**637,950**	600,408	120,082
MCIT	**75,183**	**75,183**	92,118	92,118
	130,362,969	**31,085,043**	117,775,074	28,616,971
Deferred Tax Liabilities:				
Gain on change in fair value of investment properties	**2,796,038,953**	**699,009,737**	2,278,002,661	569,500,664
Gain on sublease	**91,405,050**	**22,851,262**	99,625,124	24,906,281
Retirement obligation charged to OCI	**15,436,655**	**3,087,331**		
Unrealized gain on repossession of real estate inventories	**9,244,982**	**2,311,246**	9,244,982	2,311,245
Accrued rent receivable	**1,765,295**	**441,324**	1,765,295	441,323
Unrealized foreign exchange gain	**349,498**	**87,374**	540,322	135,080
	2,914,240,433	**727,788,274**	2,389,178,384	597,294,593
	(P2,783,877,463)	**(P696,703,231)**	(P2,271,403,310)	(P568,677,622)

The recognized deferred tax assets were from the Parent Company and PPMI.

The Group's unrecognized deferred tax assets pertain to the following:

	2022		2021	
	Tax Base	**Deferred Tax**	Tax Base	Deferred Tax
NOLCO	**P463,814,777**	**P116,046,159**	P368,614,886	P92,134,898
Allowance for impairment loss on receivables	**385,622,756**	**95,974,451**	356,060,310	88,760,932
Allowance for impairment loss on investments in subsidiaries and associates	**55,618,196**	**12,119,549**	19,918,196	4,979,549
MCIT	**5,287,421**	**5,287,421**	3,800,308	3,800,308
Accrued retirement benefit expense	**3,864,116**	**772,823**	3,863,747	772,749
	P914,207,266	**P230,200,403**	P752,257,447	P190,448,436

Detail of the Group's NOLCO which can be claimed as deduction from future taxable income is as follows:

Year Incurred	Expiry date	Amount	Applied	Expired	Balance
2022	2025	P95,637,015	P -	P -	P95,637,015
2021	2026	255,877,156	-	-	255,877,156
2020	2025	112,643,786	-	-	112,643,786
2019	2022	28,094	-	(28,094)	-
		P464,186,051	P -	(P28,094)	P464,157,957

In accordance to Section 4 of Revenue Regulations No. 25-2020 issued on September 30, 2020, the business or enterprise which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Details of the Group's MCIT which can be claimed as deduction from future taxable income is as follows:

Year Incurred	Expiry date	Amount	Applied	Expired	Balance
2022	2025	P1,701,073	P -	P -	P1,701,073
2021	2024	867,849	-	-	P867,849
2020	2023	2,134,648	-	-	2,134,648
2019	2022	116,271	-	(116,271)	-
		P 4,819,84	P -	(P116,271)	P4,703,570

Impact of the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)
On March 26, 2021, the President signed into law the "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE", which seeks to reduce the corporate income tax rates and to rationalize the current fiscal incentives by making it time-bound, targeted, and performance-based.

The following are certain provisions of the law that had an impact on the Group's financial statements.

- Reduced RCIT rate effective July 1, 2020 of 20% or 25%
- Reduced MCIT rate of 1% effective July 1, 2020 until June 30, 2023.

As mentioned above, the reduction in income tax under CREATE took effect on July 1, 2020. However, Philippine Interpretations Committee issued Questions and Answers No. 2020-07, in which it stated that the CREATE Law is considered to be not substantively enacted as of December 31, 2020; accordingly, the current and deferred taxes for financial reporting purposes as of December 31, 2020 are measured using the regular income tax rate in effect as of December 31, 2020, which is 30%. The difference was reflected as adjustment to the current income tax for the year ended December 31, 2021 in accordance with PAS 12, Income Taxes.

In addition, the effect of the reduction in the income tax rates under CREATE on deferred tax liabilities - net as at December 31, 2020 amounted to P83,182,728 and is shown in the consolidated statements of total comprehensive income as reduction of income tax expense.

Presented below are the effects of the changes in tax rates under the CREATE Act.

	As at December 31, 2020	Amounts Based on the Reduced Tax Rates	Effect of Changes in Tax Rates
Statements of Total Comprehensive Income			
Current tax expense	P3,628,882	P2,789,385	(P839,497)
Deferred tax expense (benefit)	79,126,494	(4,056,234)	(83,182,728)
Net income for the year	53,501,849	137,524,073	84,022,225
Remeasurement loss on retirement benefit obligation, net of tax	(8,389,664)	(8,988,926)	(599,262)
Statements of Financial Position			
Deferred tax assets	34,803,089	28,031,058	(6,772,031)
Deferred tax liabilities	539,728,555	449,773,796	(89,954,759)
Prepaid taxes	151,916,085	152,755,582	839,497
Retained earnings	1,187,806,065	1,271,828,290	84,022,225
Remeasurement loss on retirement benefit obligation	(48,938,995)	(49,538,257)	(599,262)

25. Capital and Treasury Stock

Movements in the Group's capital stock are as follows:

	2022	2021	2020
Authorized			
16,000,000,000 common shares at P0.50 par value	**P8,000,000,000**	P8,000,000,000	P8,000,000,000
Issued and outstanding			
7,866,647,523 shares in 2022 and 2021			
3,688,869,745 shares in 2020	**3,933,323,762**	3,933,323,762	1,844,434,873
Subscribed			
1,314,711,262 shares	**657,355,632**	657,355,632	657,355,632
Subscriptions receivable	**(157,467,723)**	(157,490,223)	(157,564,260)
	499,887,909	499,865,409	499,791,372
Total capital stock	**4,433,211,671**	4,433,189,171	2,344,226,245
Additional paid-in capital	**623,139,806**	623,139,806	557,014,317
	P5,056,351,477	P5,056,328,977	P2,901,240,562
Treasury stock	**P110,049,633**	P110,049,633	P110,049,633

On June 22, 2021, the Parent Company issued 4,177,777,778 new common shares valued at P0.54 per share based on 120-day Volume Weighted Average Price for the period October 6, 2017 to April 6, 2028, in favor of Greenhills Properties, Inc. (GPI) in exchange for two (2) vacant lots in Bonifacio Global City (see Note 1). The Parent Company obtained a Valuation and Fairness Opinion Report from a PSE-Accredited Firm on the property-for-share swap transaction for the reason that the parties to the said transaction are related parties. The above-described transaction resulted in Additional Paid-in Capital of P167,111,111 before deducting transaction costs of P100,985,622 or a net amount of P66,125,489. Transaction costs include SEC filing fees, legal and other professional fees, documentary stamps tax on primary issue of common stocks, transfer taxes and registration fees on the transfer of ownership on the real properties from GPI to the Parent Company.

Details of the Group's treasury stock are as follows:

	2022	2021	2020
Treasury Stock			
82,049,497 common shares with average cost of P1.34 per share	**P110,049,633**	P110,049,633	P110,049,633

26. Reserves

This account consists of:

	Note	**2022**	2021	2020
Appropriated retained earnings for:				
Treasury stock acquisitions		**P109,712,439**	P109,712,439	P109,712,439
Revaluation on FVOCI				
Balance at beginning of year		**(24,038,272)**	(20,672,288)	(25,988,878)
Movements during the year		**(1,568,430)**	(3,365,984)	5,316,590
Balance at end of year	*5*	**(25,606,702)**	(24,038,272)	(20,672,288)
Remeasurement gain (loss) on retirement benefit obligation				
Balance at beginning of year		**(33,473,053)**	(44,735,989)	(37,347,443)
Adjustment		**-**	(2,637,009)	-
Actuarial gain (loss) during the year - gross		**19,519,617**	18,852,265	(10,555,065)
Tax effect		**(4,621,639)**	(4,952,320)	3,166,519
Balance at end of year		**(18,575,075)**	(33,473,053)	(44,735,989)
		P65,530,662	P52,201,114	P44,304,162

The Parent Company's retained earnings amounting to P109,712,439 is appropriated to cover the cost of the treasury shares.

27. Non-controlling Interest

	2022	2021
Universal Travel Corporation		
January 1	**P2,017,318**	P2,024,257
Share in net loss	**(9,587)**	(6,939)
December 31	**2,007,731**	2,017,318
Recon-X Energy Corporation		
January 1	**(22,059,629)**	(20,072,695)
Share in net loss	**(2,689,240)**	(1,986,934)
December 31	**(24,748,869)**	(22,059,629)
	(P22,741,138)	(P20,042,311)

28. Earnings Per Share

	2022	2021	2020
Net income attributable to equity holders of Parent Company	**P183,087,319**	P194,733,394	P41,897,319
Weighted average no. of common shares issued and outstanding	**9,099,309,288**	9,099,309,288	4,877,907,002
Basic earnings per share	**P0.02**	P0.02	P0.01

The weighted average number of common shares issued and outstanding was computed as follows:

	2022	2021	2020
Issued and outstanding shares	**7,866,647,523**	7,866,647,523	3,688,869,745
Subscribed shares	**1,314,711,262**	1,314,711,262	1,314,711,262
Treasury shares	**(82,049,497)**	(82,049,497)	(125,674,005)
Average number of shares	**9,099,309,288**	9,099,309,288	4,877,907,002

The Group has no potential dilutive shares as at December 31, 2022, 2021 and 2020.

29. Provisions and Contingencies

The Group is a party to legal claims that arise in the ordinary course of business, the outcome of which is not presently determinable. The Group and its legal counsel, however, believe that final settlement, if any, will not be material to the Group's financial results.

30. Significant Accounting Policies

Adoption of New and Revised Standards, Amendments to Standards and Interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those of the Group's financial statements for the year ended December 31, 2021 except for the adoption of the following new standards and amended PFRS which became effective beginning January 1, 2022. Unless otherwise indicated, none of these had a significant effect on the financial statements.

- Amendments to PFRS 3, *Reference to the Conceptual Framework* refer to amendments to

PFRS 2, 3, 6 and 14, PAS 34, 37 and 38, IFRIC 12, 19, 20 and 22, and SIC-32 to update references to and quotes from the framework so that they refer to the revise Conceptual Framework.

- Amendments to PAS 16, *Property, Plant and Equipment – Proceeds before Intended Use* prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract* specify that the "cost of fulfilling" a contract comprises the "costs that relate directly to the contract". Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

- Annual Improvements to PFRS Standards 2018-2020

    - PFRS 9, *Financial Instruments* clarifies which fees an entity includes when it applies the '10 percent' test in paragraph B3.3.6 of PFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

    - PFRS 16, *Leases* amends Illustrative Example 13 accompanying PFRS 16 which removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

New and Amended Standards and Interpretation Not Yet Adopted
A number of new and amended standards and interpretations are effective for annual periods beginning after January 1, 2022 and have not been applied in preparing the financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the financial statements. The Company will adopt the following new and amended standards and interpretations on the respective effective dates:

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

    - clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;

    - clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and

    - make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

  The amendments are effective for annual periods beginning on January 1, 2023.

- Amendments to PAS 8, *Definition of Accounting Estimates* focus entirely on accounting estimates and clarify the following:

  - The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

  - Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

  - A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

  - A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

  The amendments are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* amends the following:

  - An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;

  - several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;

  - the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
  - the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements;

  - the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information; and

  - adds guidance and examples to explain and demonstrate the application of the "four-step materiality process" to accounting policy information in order to support the amendments to PAS 1.

The amendments are applied prospectively. The amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. Once the entity applies the amendments to PAS 1, it is also permitted to apply the amendments to PFRS Practice Statement 2.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities from a Single Transaction* include an exemption from the initial recognition exemption provided in PAS 12.15(b) and PAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

Basis of Consolidation
The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the Parent Company, the subsidiaries, up to December 31 each year. Details of the subsidiaries are shown in Note 35.

The consolidated financial statements were prepared using uniform accounting policies for like transactions and other events in similar circumstances. Inter-company balances and transactions, including inter-company profits and unrealized profits and losses, are eliminated.

Subsidiaries
Subsidiaries are all entities over which the Group has control. The Parent Company controls an entity when the Parent Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Parent Company. They are deconsolidated from the date that control ceases.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired i.e. discount on acquisition is credited to profit and loss in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognized. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the Parent Company.

Acquisition-related costs are expensed as incurred.

Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Associates and joint ventures
An associate is an entity over which the Parent Company is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a joint venture is a joint arrangement that involves the establishment of a separate entity in which each venturer has an interest.

An investment is accounted for using the equity method from the day it becomes an associate or joint venture. The investment is initially recognized at cost. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is instead included as income in the determination of the share in the earnings of the investees.

Under the equity method, the investments in the investee companies are carried in the consolidated statements of financial position at cost plus post-acquisition changes in the Parent Company's share in the net assets of the investee companies, less any impairment losses. The consolidated statements of total comprehensive income reflect the share of the results of the operations of the investee companies. The Parent Company's share of post-acquisition movements in the investee's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Parent Company and the investee companies are eliminated to the extent of the interest in the investee companies and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The Group discontinues applying the equity method when their investments in investee companies are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee companies. When the investee companies subsequently report net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the investee companies and the Group are identical and the investee companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances. Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at fair value of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

<u>Segment Information</u>
The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 35 to the financial statements. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis.

The measurement policies the Group used for segment reporting under PFRS 8 are the same as those used in the financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods. All inter-segment transfers are carried out at arm's length prices.

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

For management purposes, the Group is currently organized into five business segments. These divisions are the basis on which the Group reports its primary segment formation.

The Group's principal business segments are as follows:

a. Sale of Real Estate and Leasing
b. Property Management
c. Insurance Brokerage
d. Holding Company
e. Travel Services (discontinued as of July 31, 2018)

The Group's resources producing revenues are all located in the Philippines. Therefore, geographical segment information is not presented.

<u>Financial Assets and Liabilities</u>

Financial Assets

Initial recognition and Measurement
The Group recognizes a financial asset in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting. Financial assets are recognized initially at fair value of the consideration given. The initial measurement of financial assets, except for those designated as at FVPL, includes transaction costs.

Classification
The Group classifies its financial assets, at initial recognition, in the following categories: financial assets at amortized cost, financial assets at FVOCI and financial assets at FVPL. The classification depends on the business model of the Group for managing the financial assets and the contractual cash flow characteristics of the financial assets.

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

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

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

After initial measurement, the financial assets are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition, and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are reclassified to FVPL, impaired or derecognized, as well as through the amortization process.

The Groups's cash and cash equivalents, trade and other receivables and refundable deposits are included under this category.

Financial Assets at FVOCI (equity instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of total comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Groups's financial assets at fair value through OCI include investments in quoted and unquoted equity instruments and proprietary club shares.

Financial Assets at FVPL. Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in profit or loss.

The Group's investments in equity instruments at FVPL are classified under this category.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

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

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

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

Impairment
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 Company 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.

For trade receivables on sale of real estate, the Group applies a general approach in calculating ECLs. Under the general approach, ECLs are recognized in three (3) stages as follows:

- Stage 1: For credit exposures for which there has not been a significant increase in credit risk since initial recognition and there is no default that occurred, a 12-month ECL is provided for credit losses that result from default events that are possible within the next 12 months.
- Stage 2: For credit exposures for which there has been a significant increase in credit risk since initial recognition and there is still no default that occurred, a loss allowance equivalent to lifetime ECL is required for credit losses expected over the remaining life of the exposure.
- Stage 3: For credit exposures for which there has been a significant increase in credit risk since initial recognition and for which an actual default has also occurred, a loss allowance equivalent to lifetime ECL is required for credit losses expected over the remaining life of the exposure.

The key inputs in the model include the Group's definition of default and historical data of two (2) significant projects with an average of five (5) years for the origination, maturity date and default date. The Group considers trade receivables on sale of real estate in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12- months ECL.

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. 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 publicly available sources to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

For trade receivables on lease and other financial assets such as accrued receivable, receivable from related parties and advances to other companies, impairment provisions would be based on the assumption that the receivable is demanded at the reporting date and it would reflect the losses (if any) that would result from this. Since the receivables are collectible on demand, the contractual period is the very short period needed to transfer the cash once demanded. Discounting would have immaterial effect in the balances.

Financial Liabilities

*Initial recognition and measuremen*t
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 include trade and other payables, finance lease liability and loans payable.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss 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 costs in the statement of total comprehensive income.

This category generally applies to short term and long term debt.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of total comprehensive income.

<u>Determination of Fair Value</u>
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

<u>Classification of Financial Instruments between Liability and Equity</u>
Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:
- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Prepayments
Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to income as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the consolidated statements of financial position as current asset when the cost of goods or services related to the prepayment are expected to be incurred within one (1) year or the Group's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Real Estate Inventories
Property acquired or being developed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value.

Cost includes amounts paid to contractors for construction, borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

Net realizable value 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 to sell.

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 based on the relative size of the property sold.

The provision account, if any, is reviewed on a monthly basis to reflect the reasonable valuation of the Group's inventories. Inventory items identified to be no longer recoverable is written-off and charged as expense for the period.

Real estate held for development is measured at lower of cost and NRV. Expenditures for development and improvements of land are capitalized as part of the cost of the land. Directly identifiable borrowing costs are capitalized while the development and construction is in progress.

Property and Equipment
Property and equipment are initially measured at cost which consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use and are subsequently measured at cost less any accumulated depreciation, amortization and impairment losses, if any.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of years
Condominium units	20
Building	25
Building improvements	5 to 10
Office furniture, fixtures and equipment	3 to 10
Transportation and other equipment	5
Leasehold and office improvements	5

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

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

Derecognition
An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time, the cost and their related accumulated depreciation are removed from the accounts. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment Properties
Investment properties comprised completed property and property under development or re-development that are held to earn rentals or capital appreciation or both and that are not occupied by the Group. Investment property is initially measured at cost incurred in acquiring the asset and subsequently stated at fair value. Revaluations are made with sufficient regularity by external independent appraisers to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the period. The external independent appraiser uses sales comparison approach in arriving at the value of the properties. In this approach, the value of the properties is based on sales and listings of comparable properties. This is done by adjusting, the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity or at different floor levels of the same building. Comparison would be premised on factors such as location, size and physical attributes, selling terms, facilities offered and time element.

A gain or loss arising from a change in the fair value of investment property is recognized in profit or loss for the period in which it arises.

A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. A transfer is made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

Derecognition
Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statements of total comprehensive income in the year of retirement or disposal.

Impairment of Non-financial Assets
At each reporting date, the Group assesses whether there is any indication that any of its non-financial assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of the non-financial asset is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized in profit or loss.

Equity
An equity instrument is any contract that evidences a residual interest in the assets of the Parent Company after deducting all of its liabilities. Distribution to the Parent Company's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Parent Company's Board of Directors.

Capital stock
Capital stock is classified as equity when there is no obligation to the transfer of cash or other assets. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Additional paid-in capital
Additional paid-in capital pertains to premium paid over the par value of shares.

Retained earnings
Retained earnings include all the accumulated income (loss) of the Group, dividends declared and share issuance costs. Retained earnings is net of amount offset from additional paid-in capital arising from the quasi-reorganization.

Treasury stock
The Parent Company's equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statements of total comprehensive income on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess

of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Employee Benefits

Short-term benefits
The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and non-monetary benefits.

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

The calculation of the defined benefit obligation (DBO) is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

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

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Revenue Recognition

Revenue from contracts with customers

Revenue from real estate sales
The Parent Company primarily derives its real estate revenue from the sale of vertical real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods or services.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 32.

The Parent Company derives its real estate revenue from sale of 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 Parent Company's performance does not create an asset with an alternative use and the Parent Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Parent Company uses the output method. The Parent Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by the third-party surveyor as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

Revenue from sales of completed real estate projects is accounted for using the full accrual method.

Any excess of collections over the recognized receivables are included in the "Deposits and other current liabilities" account in the liabilities section of the consolidated statements of financial position.

If any of the criteria under the full accrual or percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the "Deposits and other current liabilities" account in the liabilities section of the consolidated statements of financial position.

Cancellation of real estate sales
The Group reverses the previously recognized revenue and related costs.

The Group also derives its revenue from management fee, commission, rental and interest income for which the Group assessed that there is only one performance obligation. Revenue from contracts with customers is recognized at a point in time when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Management fee
Management fee is recognized when the related services have been performed in accordance with the terms and conditions of the management agreement and applicable policies.

Commission income
Commission income is recognized when the real estate and insurance brokering services have been performed in accordance with the terms and conditions of the agreement, commission scheme and applicable policies. Commission income recognized is the amount earned as an agent and excludes amounts collected on behalf of the principal.

Interest income
Interest income is accrued on a time proportion basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income
Rent income from operating leases is recognized as income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Miscellaneous income
Miscellaneous income is recognized when earned.

Cost recognition from real estate sales
Cost of real estate sales is recognized consistent with the revenue recognition method applied and is determined with reference to the specific, including estimated costs, on the property allocated to sold area. Cost of residential and commercial lots and units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Parent Company's in-house technical staff.

Estimated development costs include direct land development, shared development cost, building cost, external development cost, professional fees, post construction, contingency, miscellaneous and socialized housing. Miscellaneous costs include payments such as permits and licenses, business permits, development charges and claims from third parties which are attributable to the project. Contingency includes fund reserved for unforeseen expenses and/ or cost adjustments. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts are considered as special budget appropriations that are approved by management and are made to form part of total project costs on a prospective basis and allocated between costs of sales and real estate inventories.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized in profit or loss on the basis of: (i) a direct association between the costs incurred and the earning of specific items of income; (ii) systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify for recognition in the consolidated statements of financial position as an asset.

Cost and expenses in the consolidated statements of total comprehensive income are presented using the function of expense method. General and administrative expenses are costs attributable to general, administrative and other business activities of the Group.

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 cost of the respective assets. All other borrowing costs are expensed in the period in which they were incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs are capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Leases

The Group as Lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal

computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under PAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statements of financial position.

The Group applies PAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy.

Short-term leases with terms of less than 12 months or lease of low value assets are expensed as incurred.

The Group as Lessor
The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group applies PFRS 15 to allocate the consideration under the contract to each component.

The Group as Sub-lessor
The Group is a sub-lessor (intermediate lessor) to one of its right-of-use assets.

An intermediate lessor classifies the sublease as a finance lease or an operating lease as follows:

- If the head lease is a short-term lease, the sublease is classified as an operating lease
- Otherwise, the sublease is classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. A lease is classified as a finance lease if it transfers substantially all the risks and rewards from the right-of-use asset resulting from the head lease; otherwise, it is classified as an operating lease.

For subleases classified as a finance lease, the intermediate lessor derecognizes the right-of-use asset relating to the head lease that is transfers to the sublessee and recognizes the net investment in the sublease; any difference between the right-of-use assets and the investment in the finance sublease is recognized in profit or loss. At the commencement date, net investment in the finance lease is measured at an amount equal to the present value of the lease payments for the underlying right-of-use assets during the lease term. The lessor recognizes finance income over the lease term, based on a pattern reflecting a constant period rate of return on the lessor's net investment in the lease.

For subleases classified as operating lease, the intermediate lessor recognizes the lease income from operating leases on a straight-line basis over the lease term. The respective leased asset is included in the statement of financial position based on its nature.

Foreign Currency Transactions and Translation
Transactions in currencies other than Philippine peso are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are restated at the rates prevailing on the reporting date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

Income Tax
Income tax expense for the year comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted at the reporting date. Management periodically evaluates positions in income tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority and the same taxable entity.

Uncertainty over Income Tax Treatments
The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty is followed.

The Group considers whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing.

If the Group concludes that it is probable that a particular tax treatment is accepted, the Company determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.

If the Group concludes that it is not probable that a particular tax treatment is accepted, the Group uses the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

<u>Provisions and Contingencies</u>
Provisions are recognized when the Group has a present obligation, either legal or constructive, as a result of a past event; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and; when the amount of the obligation can be estimated reliably. When the Group expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

<u>Related Party Relationships and Transactions</u>
Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

<u>Earnings per Share</u>

Basic earnings per share
The Group computes its basic earnings per share by dividing net profit attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the period.

Diluted earnings per share
Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares.

Events After the Reporting Date

The Group identifies events after the reporting date as events that occurred after the reporting date but before the date the consolidated financial statements were authorized for issue. Any subsequent event that provides additional information about the Group's financial position at the reporting date is reflected in the consolidated financial statements. Non-adjusting subsequent events are disclosed in the notes to the consolidated financial statements when material.

31. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the 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 discussed below.

Critical Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the 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 discussed below.

Revenue and cost recognition on real estate projects
The Parent Company's revenue recognition and cost policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Parent Company's revenue from real estate and construction contracts is recognized based on the percentage of completion and are measured principally on the basis of the estimated completion of a physical proportion of the contract work. Apart from involving significant estimates in determining the quantity of inputs such as materials, labor and equipment needed, the assessment process for the POC is complex and the estimated project development costs requires technical determination by management's specialists (project engineers).

Similarly, the commission is determined using the percentage of completion.

Provision for expected credit losses of trade receivables
The Group uses historical loss rates as input to assess credit risk characteristics. The Group determines the appropriate receivables groupings based on shared credit risk characteristics such as revenue type, collateral or type of customer. The historical loss rates are adjusted to reflect the expected future changes in the portfolio condition and performance based on economic conditions and indicators such as inflation and interest rates that are available as at the reporting date.

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a significant estimate. 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 customer's actual default in the future.

The information about the ECLs on the Group's trade receivables is disclosed in Notes 6 and 33.

Evaluation of net realizable value of real estate inventories
The Parent Company adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the assets. In determining the recoverability of the assets, management considers whether those assets are damaged or if their selling prices have declined. Likewise, management also considers whether the estimated costs of completion or

the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Results of management's assessment disclosed that there is no need for provision for impairment of inventories as at December 31, 2022 and 2021.

Estimating useful lives of assets
The useful lives of assets are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Group's assets. In addition, the estimation of the useful lives is based on the Group's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of assets would increase the recognized operating expenses and decrease non-current assets.

Post-employment and other employee benefits
The present value of the retirement obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of retirement obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement obligation.

Other key assumptions for retirement obligations are based in part on current market conditions. Additional information is disclosed in Note 16.

Retirement obligation as at December 31, 2022 and 2021 amounted to P66,953,485 and P70,930,176, respectively.

Estimating fair value of investment property
The Group obtained the services of an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. An independent valuation of the Group's investment properties was performed by appraisers to determine their fair values. The valuation was determined by reference to sales and listing of comparable properties.

Recoverability of deferred tax assets
The Group reviews the carrying amounts at each reporting date and reduces deferred tax assets to the extent that it may be more prudent and conservative not to make a determination when these deferred tax assets can be utilized. The Group considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the utilization of deferred tax assets.

Total unrecognized deferred tax assets amounted to P230,200,402 and P190,448,436 as at December 31, 2022 and 2021, respectively (see Note 24).

Impairment losses on non-financial assets
The Group performs an impairment review when certain impairment indicators are present. Determining the fair value of non-financial assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that non-financial assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial position and results of operations.

Critical Accounting 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 the amounts recognized in the consolidated financial statements:

Existence of a contract
The Parent Company's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, buyers' computation sheets and invoices, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Parent Company before revenue recognition is to assess the probability that the Parent Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer.

Collectability
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 with the 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.

Revenue recognition method and measure of progress
The Parent Company concluded that revenue for real estate sales is to be recognized over time because: (a) the Parent Company's performance does not create an asset with an alternative use and; (b) the Parent Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Parent Company'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. In addition, the Parent Company requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Parent Company. The Parent Company considers that the initial and continuing investments by the buyer of about 25% would demonstrate the buyer's commitment to pay.

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

Distinction between investment properties and owner-occupied properties and real estate inventories and held for development

The Group determines whether a property qualifies as investment property. In making this judgment, the Group considers whether the property generates cash flows 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.

Some 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 at the 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.

The Group determines that a property will also be classified as real estate inventory when it will be sold in the normal operating cycle or it will be treated as part of the Group's strategic land activities for development in the medium or long-term.

Contingencies
The Group is currently involved in various legal proceedings and tax assessments. Estimates of probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material adverse effect on the financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the Group's strategies relating to these proceedings.

32. Fair Value Measurement

The fair values of the Group's financial instruments are equal to the carrying amounts in the consolidated statements of financial position as at December 31, 2022 and 2021.

Fair values have been determined for measurement and disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values are disclosed in the notes to the consolidated financial statements specific to that asset or liability.

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are as follows:

Cash and cash equivalents and trade and other receivables – current portion carrying amounts approximate fair values due to the relatively short-term maturities of these items.

Trade and other receivables- non-current portion carrying amounts approximate their fair values as they are either priced using prevailing market rates or that the effect of discounting has been considered.

Financial assets at FVPL and FVOCI – these are investments in equity securities, fair value for quoted equity securities is based on quoted prices published in markets as of reporting dates.

Trade and other payables – the carrying value of trade and other payables approximate its fair value either because of the short-term nature of these financial liabilities.

Loans payable – carrying amounts approximate their fair values as they are either priced using prevailing market rates or that the effect of discounting is not significant.

The table below analyzes financial and non-financial assets measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

December 31, 2022

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVPL				
Equity investments	**P6,750,000**	P -	P -	**P6,750,000**
Financial assets at FVOCI				
Equity investments	**36,076,106**	-	-	**36,076,106**

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVPL				
Equity investments	P6,750,000	P -	P -	P6,750,000
Financial asset at FVOCI				
Equity investments	37,644,536	-	-	37,644,536

33. Financial Risk Management Objectives and Policies

The Group's activities expose it to a variety of financial risks: market risk, liquidity risk and credit risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group. The policies for managing specific risks are summarized below.

The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. It monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Market Risk

Foreign exchange risk
The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in US dollar. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. Significant fluctuation in the exchange rates could significantly affect the Group's financial position.

Foreign exchange risk exposure of the Group is limited to its cash and cash equivalents. Currently, the Group has a policy not to incur liabilities in foreign currency. Construction and supply contracts, which may have import components, are normally denominated in Philippine peso.

The amounts of the Group's foreign currency denominated monetary assets at the reporting date are as follows:

	2022		2021	
	US dollar Deposit	**Peso Equivalent**	US dollar Deposit	Peso Equivalent
Cash and cash equivalents	**$343,937**	**P19,301,749**	$499,771	P25,375,374

The closing rates applicable as at December 31, 2022 and 2021 are P56.12 and P50.77 to US$1, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Group's income in 2022 and 2021. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months at a 99% confidence level.

	+/-	**Effect on Equity**
2022	**0.79%**	**P152,859**
2021	0.36%	90,722

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The primary source of the Group's interest rate risk relates to its cash and cash equivalents, and loans and note payable. The interest rates on cash and cash equivalents and loans and note payable are disclosed in Notes 3 and 14, respectively.

Cash and cash equivalents are short-term in nature and with the current interest rate level, any variation in the interest will not have a material impact on the profit or loss of the Group.

Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

The following table illustrates the sensitivity of the Group's profit or loss to a reasonably possible change in interest rates of its cash and cash equivalents and loan with all other variables held constant.

	2022		2021	
	+/-%	**Effect on Profit or Loss**	+/-%	Effect on Profit or Loss
Cash in bank	**0.06%**	**P81,530**	0.03%	35,586
Cash equivalents	**1.07%**	**300,440**	0.05%	41,989
Loans and note payable	**1.64%**	**(14,635,961)**	1.26%	(10,266,034)
		(P14,253,991)		(P10,188,459)

Price risk
Price risk is the risk that the fair value of the financial instrument particularly equity instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Parent Company's Board of Directors reviews and approves all equity investment decisions.

At December 31, 2022, the impact of 0.21% increase/decrease in the price of listed equity securities, with all other variables held constant, would have been an increase/decrease of in the Company's total comprehensive income and equity for the year of 2022 – P121,269 and 2021 – P94,365. The Group's sensitivity analysis takes into account the historical performance of the stock market.

Liquidity risk
Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group maintains adequate highly liquid assets in the form of cash and cash equivalents to assure necessary liquidity.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

		Contractual Obligation			
	Carrying Amount	Less than One Year	One to Five Years	More than Five Years	Total
2022			**(In Thousand Pesos)**		
Trade and other payables*	**P186,730**	**P133,630**	**53,100**	**-**	**P186,730**
Loans and note payable	**894,442**	**706,637**	**238,793**	**-**	**945,429**
2021			(In Thousand Pesos)		
Trade and other payables*	P219,835	P118,154	P100,034	P1,647	P219,835
Loans and note payable	812,460	382,081	430,379	-	812,460

**excluding payables to government*

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's credit risk is primarily attributable to its cash and cash equivalents and trade and other receivables as disclosed in Notes 3 and 6, respectively. The Group has adopted stringent procedure in evaluating and accepting risk by setting counterparty and transaction limits. In addition, the Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

In respect of installments receivable from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures. The Group's stringent customer requirements and policies in place contribute to lower customer default than its competitors. Customer payments are facilitated through various collection modes including the use of postdated checks and auto-debit arrangements. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants. For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of paying capacity.

Other financial assets are comprised of cash and cash equivalents excluding cash on hand, financial assets at FVPL, financial assets at FVOCI and advances to associates. The Group adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available international credit ratings. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. Nevertheless, the Group closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at December 31 are as follows:

	2022	2021
Cash and cash equivalents excluding cash on hand	**P163,841,734**	P202,598,198
Trade and other receivables	**542,479,207**	593,542,550
	P706,320,941	P796,140,748

The credit quality of financial assets which are neither past due nor impaired is discussed below:

(a) Cash in banks and cash equivalents

The Group deposits its cash balance in reputable banks to minimize credit risk exposure amounting to P163,961,734 and P202,598,198 as at December 31, 2022 and 2021, respectively. Cash deposits are considered to be of high grade.

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. 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 publicly available sources to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Receivables amounting to P150.68 million and P119.53 million as of December 31, 2022 and 2021, respectively, were impaired and fully provided for. The allowance for doubtful accounts for receivables has been determined as follows:

	2022	2021
Trade:		
Sale of real estate	**P83,512,900**	P88,650,704
Lease	**5,478,810**	7,507,749
Management fees	**3,189,750**	600,408
Premiums receivable	**5,082,902**	5,082,902
Advances	**862,891**	862,891
Other receivables	**52,550,154**	16,820,965
	P150,677,407	P119,525,619

b.1. *Trade receivables on real estate*

2022	Stage 1	Stage 2	Stage 3	Total
Trade receivables				
High grade	P269,348,812	P -	P -	P269,348,812
Sub-standard	-	76,348,441	-	76,348,441
Low grade	-	-	121,787,390	121,787,390
Individually impaired	-	-	66,371,974	66,371,974
	269,348,812	76,348,441	188,159,364	533,856,617
Provision				
High grade	4,087,405	-	-	4,087,405
Sub-standard	-	3,820,559	-	3,820,559
Low grade	-	-	9,532,005	9,532,005
Individually impaired	-	-	66,072,931	66,072,931
	4,087,405	3,820,559	75,604,936	83,512,900
	P265,261,407	P72,527,882	P112,554,428	P450,343,717

2021	Stage 1	Stage 2	Stage 3	Total
Trade receivables				
High grade	P243,233,791	P -	P -	P243,233,791
Sub-standard	-	102,963,334	-	102,963,334
Low grade	-	-	125,795,196	125,795,196
Individually impaired	-	-	60,512,101	60,512,101
	243,233,791	102,963,334	186,307,297	P532,504,422
Provision				
High grade	6,759,846	-	-	6,759,846
Sub-standard	-	137,374	-	137,374
Low grade	-	-	20,446,483	20,446,483
Individually impaired	-	-	61,307,001	61,307,001
	6,759,846	137,374	81,753,484	88,650,704
	P236,473,945	P102,825,960	P104,553,813	P443,853,718

High grade exposures are loans that do not have greater-than-normal credit risk. The buyer has the apparent ability and willingness to satisfy his obligation in full and therefore no loss in ultimate collection is anticipated.

Sub-standard grade exposures are receivables that have normal credit risk and have past due above 30 days but below 90 days.
Low grade exposures are receivables that are past due date beyond 90 days and have approached greater-than-normal credit risk.

Individually impaired exposures are receivables that are past due beyond 90 days, have approached greater-than normal credit risk.

For trade receivables on sale of real estate, the Parent Company applies a general approach in calculating ECLs. Under the general approach, ECLs are recognized in three (3) stages as follows:

- Stage 1: For credit exposures for which there has not been a significant increase in credit risk since initial recognition and there is no default that occurred, a 12-month ECL is provided for credit losses that result from default events that are possible within the next 12 months.
- Stage 2: For credit exposures for which there has been a significant increase in credit risk since initial recognition and there is still no default that occurred, a loss allowance equivalent to lifetime ECL is required for credit losses expected over the remaining life of the exposure.

- Stage 3: For credit exposures for which there has been a significant increase in credit risk since initial recognition and for which an actual default has also occurred, a loss allowance equivalent to lifetime ECL is required for credit losses expected over the remaining life of the exposure.

b.2 For trade receivables on lease and other financial assets such as accrued receivable, receivable from related parties and advances to other companies, impairment provisions would be based on the assumption that the receivable is demanded at the reporting date and it would reflect the losses (if any) that would result from this. Since the receivables are collectible on demand, the contractual period is the very short period needed to transfer the cash once demanded. Discounting would have immaterial effect in the balances.

			2022		
	Lease	Management fees	Premiums receivable	Advances	Other receivables
Gross amount	**P24,271,329**	**P4,970,368**	**P12,365,197**	**P51,760,569**	**P69,174,370**
Provisions	**5,478,810**	**3,189,750**	**5,082,902**	**862,891**	**52,550,154**
Carrying Amount	**P18,792,519**	**P1,780,618**	**P7,282,295**	**P50,897,678**	**P16,624,216**

			2021		
	Lease	Management fees	Premiums receivable	Advances	Other receivables
Gross amount	P27,651,679	P4,826,041	P11,964,506	P28,282,470	P113,120,069
Provisions	7,507,749	600,408	5,082,902	862,891	16,820,965
Carrying Amount	P20,143,930	P4,225,633	P6,881,604	P27,419,579	P96,299,104

34. Capital Management

The Parent Company manages its capital to ensure that the Parent Company is able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Parent Company consists of equity, which comprises of issued capital, additional paid-in capital, reserves, retained earnings and treasury stocks.

Management reviews the capital structure on a quarterly basis. As part of this review, management considers the cost of capital and the risks associated with it.

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

As part of the reforms of the Philippine Stock Exchange (PSE) to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Parent Company has fully complied with this requirement in 2021 and 2020.

Tektite Insurance Brokers, Inc. (TIBI)
The operations of TIBI are subject to the regulatory requirements of the Insurance Commission (IC). Such regulations not only prescribe approval and monitoring of activities but also impose certain capital requirement.

In 2006, the IC issued Memorandum Circular (MC) No. 1-2006 which provides for the minimum capitalization requirements of all insurance brokers and reinsurance brokers. Under this circular, existing insurance brokers and reinsurance brokers must have a net worth in accordance with the amounts and schedule stipulated in the circular.

As at December 31, 2022 and 2021, the required statutory net worth for TIBI, being an existing insurance broker is P10 million.

As at December 31, 2021 and 2020, the Company was not able to comply with the capitalization requirements of IMC No. 2006 – 1 – Capitalization Requirements for Insurance Broker and Reinsurance Broker. On April 22, 2022, the Company sent a request to the IC to convert its license from an insurance broker to an insurance agent. Consequently, the pending application for renewal of the Company as an insurance broker for licensing year 2022-2024, which was held in abeyance pending compliance with the IC's requirements, was considered withdrawn.

35. Segment Information

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

	Principal Activities		Ownership Interest 2022	2021
PRHC Property Managers, Inc. (PPMI)	Property Management	Direct	100%	100%
Tektite Insurance Brokers, Inc. (TIBI)	Insurance Brokerage	Direct	100%	100%
Sultan's Power, Inc. (SPI)	Holding Company	Direct	100%	100%
Universal Travel Corporation (UTC)	Travel and Tours Agency	Direct	81.53%	81.53%
Recon-X Energy Corporation	Waste Management	Indirect	51%	51%

Minority interests as of 2022 and 2021 represent the equity interests in Universal Travel Corporation not held by the Group.

The segment assets and liabilities as of December 31, 2022, 2021 and 2020 and the results of operations of the reportable segments for the years ended December 31, 2022, 2021 and 2020 are as follows:

	2022						
	Parent Company	Subsidiaries					
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel Services	Intersegment adjustments	Consolidated
	(In Thousand Pesos)						
Revenue							
Revenue from contracts with customers	P224,999	P34,656	P5,567	P -	P -	P -	P265,222
Rental income	56,344	151	180	-	-	-	56,675
Intersegment sales	-	669	-	-	-	(669)	-
Total revenue	281,343	35,476	5,747	-	-	(669)	321,897
Real estate costs and expenses	462,212	40,738	4,981	-	52	(669)	507,313
Equity in net loss of an associate	-	-	-	-	-	1,431	1,431
Gross loss	(180,869)	(5,262)	766	-	(52)	(1,431)	(186,847)
Interest income	15,914	2	8	-	-	-	15,924
Finance costs	(63,644)	(166)	-	-	-	-	(63,810)
Other income	530,682	9,828	-	-	-	-	540,510
Other expenses	(230)	-	-	-	-	-	(230)
Provision for income tax	(125,623)	417	47	-	-	-	(125,159)
Net income	P176,230	P4,820	P821	P -	(P52)	(P1,431)	P180,388
Net income attributable to:							
Equity holders of PRHC							P183,087
Non-controlling interests							(2,699)
							P180,388
Other information							
Segment assets	P8,557,347	P91,673	P9,364	P367	P1,271	(P67,108)	P8,592,913
Investment in associates	100,930	-	-	-	-	(42,694)	58,236
Total assets	P8,658,277	P91,673	P9,364	P367	P1,271	(P109,802)	P8,651,149
Segment liabilities	P1,328,245	P30,556	P4,119	P -	P30,144	(P22,552)	P1,370,512
Deferred tax liabilities	699,939	(3,236)	-	-	-	-	696,703
Total liabilities	P2,028,185	P27,320	P4,119	P -	P30,144	(P22,552)	P2,067,215

Forward

	2022						
	Parent Company	Subsidiaries					
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel Services	Intersegment adjustments	Consolidated
	(In Thousand Pesos)						
Segment additions to:							
Property and equipment	P1,546	P511	P36	P -	P -	P -	P2,093
Investment properties	30,031	-	-	-			30,031
Depreciation and amortization	P12,338	P1,985	P80	P3,090	P -	P -	P17,495
Non-cash expenses other than depreciation and amortization	P12,757	P2,640	P234	P -	P -	P -	P15,631
Impairment losses	P25,000	P2,589	P -	P -	P -	P -	P27,589

	2021						
	Parent Company	Subsidiaries					
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel Services	Intersegment adjustments	Consolidated
	(In Thousand Pesos)						
Revenue							
Revenue from contracts with customers	P153,820	P36,779	P4,513	P -	P -	P -	P195,112
Rental income	55,050	151	102	-	-	-	55,303
Intersegment sales	-	555	-	-	-	(555)	-
Total revenue	208,870	37,485	4,615	-	-	(555)	250,415
Real estate costs and expenses	437,696	43,985	5,211	-	42	(555)	486,379
Equity in net loss of an associate	4,488	-	-	-	-	-	4,488
Gross loss	(233,314)	(6,500)	(596)	-	(42)	-	(240,452)
Interest income	17,378	3	19	-	5	-	17,405
Finance costs	(70,631)	(258)	-	-	-	-	(70,889)
Other income	630,573	1,296	-	-	-	5,298	637,167
Other expenses	(90,853)	-	-	-	-	-	(90,853)
Provision for income tax	(58,227)	(1,388)	(24)	-	-	-	(59,639)
Net income (loss)	P194,925	(P6,847)	(P601)	-	(P37)	P5,298	P192,739
Net income attributable to:							
Equity holders of PRHC							P194,733
Non-controlling interests							(1,994)
							P192,739
Other information							
Segment assets	P8,092,380	P84,400	P12,273	P547	P1,201	(P53,521)	P8,137,279
Investment in associates	59,667	-	-	-	-	-	59,667
Total assets	P8,152,047	P84,400	P12,273	P547	P1,201	(P53,521)	P8,196,947
Segment liabilities	P1,283,793	P32,488	P4,316	P -	P30,022	(16,564)	P1,334,055
Deferred tax liabilities	572,354	(3,676)	-	-	-	-	568,678
Total liabilities	P1,856,147	P28,812	P4,316	P -	P30,022	(16,564)	P1,902,733

Forward

2021

	Parent Company	Subsidiaries					
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel Services	Intersegment adjustments	Consolidated
	(In Thousand Pesos)						
Segment additions to:							
Property and equipment	P6,195	P176	P56	P -	P -	P -	P6,427
Investment properties	6,572	-	-	-	-	-	6,572
Depreciation and amortization	P21,441	P870	P293	P -	P -	P -	P22,604
Non-cash expenses other than depreciation and amortization	P102,422	P3,499	P258	P -	P -	P -	P106,179
Impairment losses	P22,780	P1,780	P -	P -	P -	P -	P24,560

	2020						
	Parent Company	Subsidiaries					
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel Services	Intersegment adjustments	Consolidated
	(In Thousand Pesos)						
Revenue							
Revenue from contracts with customers	P264,773	P42,853	P4,456	P -	P -	P -	P312,082
Rental income	69,120	139	86	-	-	-	69,345
Intersegment sales	-	941	-	-	-	(941)	-
Total revenue	333,893	43,933	4,542	-	-	(941)	381,427
Real estate costs and expenses	495,699	40,736	5,303	-	77	(941)	540,874
Equity in net loss of an associate	3,409	-	-	-	-	-	3,409
Gross income (loss)	(165,215)	3,197	(761)	-	(77)	-	(162,856)
Interest income	13,643	3	70	-	12	-	13,728
Finance costs	(36,509)	(279)	-	-	-	-	(36,788)
Other income	307,951	7,513	2	-	-	(5,291)	310,175
Other expenses	(1,660)	-	-	-	-	-	(1,660)
Provision for income tax	(81,413)	(1,252)	(91)	-	-	-	(82,756)
Net income (loss)	P36,797	P9,182	(P780)	(P4,295)	(P65)	(P5,291)	P39,843
Net income attributable to:							
Equity holders of PRHC							P41,897
Non-controlling interests							(2,054)
							P39,843
Other information							
Segment assets	P5,948,070	P83,859	P15,628	P2,503	P1,173	(P11,446)	P6,039,787
Investment in associates	64,155	-	-	-	-	-	64,155
Total assets	P6,012,225	P83,859	P15,628	P2,503	P1,173	(P11,446)	P6,103,942
Segment liabilities	P1,564,546	P32,140	P5,311	P -	P29,957	(P5,457)	P1,626,497
Deferred tax liabilities	510,755	(5,830)	-	-	-	-	504,925
Total liabilities	P2,075,301	P26,310	P5,311	P -	P29,957	(P5,457)	P2,131,422

Forward

	2020						
	Parent Company	Subsidiaries					
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel Services	Intersegment adjustments	Consolidated
	(In Thousand Pesos)						
Segment additions to:							
Property and equipment	P1,389	P -	P607	P -	P -	P -	P1,996
Investment properties	61,377	-	-	-	-	-	61,377
Depreciation and amortization	P23,153	P891	P409	P -	P -	P -	P24,453
Non-cash expenses other than depreciation and amortization	P10,458	P3,738	P401	P -	P -	P -	P14,597
Impairment losses	P4,709	P -	P398	P -	P -	P -	P5,107

The following are the principal activities of the Parent Company's subsidiaries:

PRHC Property Managers, Inc. (PPMI)
PPMI was incorporated and registered with the SEC on May 24, 1991 to engage in the business of managing, operating, developing, buying, leasing and selling real and personal property either for itself and/or for others.

The registered office of PPMI is at the 29th/F East Tower, Philippine Stock Exchange Centre (PSE), Exchange Road, Ortigas Center, Pasig City.

Tektite Insurance Brokers, Inc. (TIBI)
TIBI was incorporated and registered with the SEC on January 2, 1989 to engage in the business of insurance brokerage.

On April 22, 2022, TIBI sent a communication to the Insurance Commission formalizing its intention/request to convert its certificate of authority or corporate from an insurance broker to that of an insurance agent.

The registered office of TIBI is at the 20/F East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City.

Universal Travel Corporation (UTC)
UTC was incorporated and registered with the SEC on November 9, 1993 to engage in the business of travel services by providing, arranging, marketing, engaging or rendering advisory and consultancy services relating to tours and tour packages. On March 15, 2018, the Board of Directors of UTC approved the resolution on the cessation of its operations effective July 31, 2018 and sold all its existing assets and paid its liabilities from the proceeds and collections of receivables and sale of assets. Thereafter, UTC became inactive. The management is currently looking for new business opportunities.

The registered office of UTC is at the 29th/F, East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City.

Sultan's Power, Inc. (SPI)
Sultan Power, Inc. (SPI) was incorporated under Philippine laws and registered with the SEC on March 19, 2015 as a holding company. SPI achieved majority ownership in Recon-X Energy Corporation (Recon-X) by acquiring 51% of the total issued and outstanding shares of the latter company.

Recon-X was incorporated under Philippine laws and registered with the SEC on June 27, 2014 to engage in the business of recycling and converting plastics into fuel (gasoline, diesel and kerosene) using a patented technology. The process was duly-certified on November 2, 2015 by the Intellectual Property Office of the Philippines (IPO) for "Improved Method of Converting Land-Filled Plastic Wastes into Hydrocarbon Fuel", and was also certified by the Department of Science and Technology (DOST) and by the Department of Energy (DOE). As of December 31, 2021, Recon-X was able to procure the additional catalysts and materials required to operate the plastic to diesel conversion plant efficiently. Recon-X also completed physical plant improvements and repairs and is currently undergoing debottlenecking operations to enhance the production process. This is in preparation for the commencement of commercial operations by the third quarter of 2022

The registered office of SPI is at the 29th/F, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

MVCo
Maceda Valencia & Co
Certified Public Accountants and Management Consultants

5/F Don Jacinto Bldg.,
Dela Rosa cor. Salcedo Sts.,
Legaspi Village,Makati City1226
Philippines
Telephone: +63 (2) 8403 7228 to 30
Fax: +63 (2) 8403 7306

MVCo@MVCo.com.ph
www.MVCo.com.ph
www.nexia.com

STATEMENTS REQUIRED BY THE REVISED SECURITIES REGULATION CODE (SRC) RULE 68, ON OCTOBER 3, 2019

The Shareholders and Board of Directors
Philippine Realty and Holdings Corporation
One Balete, 1 Balete Drive corner N. Domingo Street
Brgy. Kaunlaran District 4
Quezon City

We have audited the accompanying consolidated financial statements of Philippine Realty and Holdings Corporation and Subsidiaries as at and for the year ended December 31, 2022, on which we have rendered our report dated March 21, 2023. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, 5B and Annex 68-D), Financial Soundness Indicators (Part 1, 5C and Annex 68-E), and Map of Relationships Between and Among the Related Parties (Part 1, 5G) as additional components required by Part I, Section 5 of the Revised SRC Rule 68 and Schedules A, B, C, D, E, F and G, as required by Part II, Section 7 and Annex 68-J of the Securities Regulation Code, are presented for purposes of filing with the Securities and Exchange Commission and are not a required part of the basic consolidated financial statements.

Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements. In our opinion, the supplementary information has been prepared in accordance with Part I, Section 5 and Part II, Section 7 of the Revised SRC Rule 68.

MACEDA VALENCIA & CO.

ANTONIO O. MACEDA, JR.
Partner
CPA License No. 20014
Tax Identification No. 102-090-963-000
PTR No. 9592715
Issued on January 18, 2023 at Makati City
BOA/PRC Reg. No. 4748 valid until August 7, 2024
BIR Accreditation No. 08-001987-004-2021 (firm)
Issued on April 7, 2021; valid until April 6, 2024
BIR Accreditation No. 08-001987-004-2021 (individual)
Issued on April 12, 2021; valid until April 11, 2024
SEC Accreditation No. 4748-SEC, Group A (firm)
Effective for audits of 2019 to 2023 financial statements
SEC Accreditation No. 20014-SEC, Group A (individual)
Effective for audits of 2022 to 2026 financial statements

March 21, 2023
Makati City

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

As of December 31, 2022

Philippine Realty And Holdings Corporation
One Balete, 1 Balete Drive Corner N. Domingo St.
Brgy. Kaunlaran, District 4, Quezon City 1111, Philippines

Unappropriated Retained Earnings, beginning		**P1,349,807,235**
Adjustments for:		
Accumulated Deferred tax		524,098,034
Accumulated unrealized gain on fair market value		(1,667,828,770)
Unappropriated Retained Earnings, as adjusted, beginning		**11,343,105**
Add: Net income during the period closed to Retained Earnings		194,733,394
Less: Non-actual/unrealized income net of tax	-	
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)		
Unrealized actuarial gain	-	
Fair value adjustments (M2M gains)	-	
Fair value adjustment of Investment Property resulting to gain adjustment due to deviation from PFRS/GAAP-gain	(610,925,892)	(610,925,892)
Add: Non-actual losses	-	
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP-loss	-	
Deferred tax expense	59,517,853	
Loss on fair value adjustment to investment property (after tax)	-	-
Net income actually earned/realized during the period		**(345,331,540)**
Add (Less):		
Dividend declarations during the period		-
Appropriations of Retained Earnings during the period		-
Reversals of appropriations		-
Treasury shares		-
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND		**(P345,331,540)**

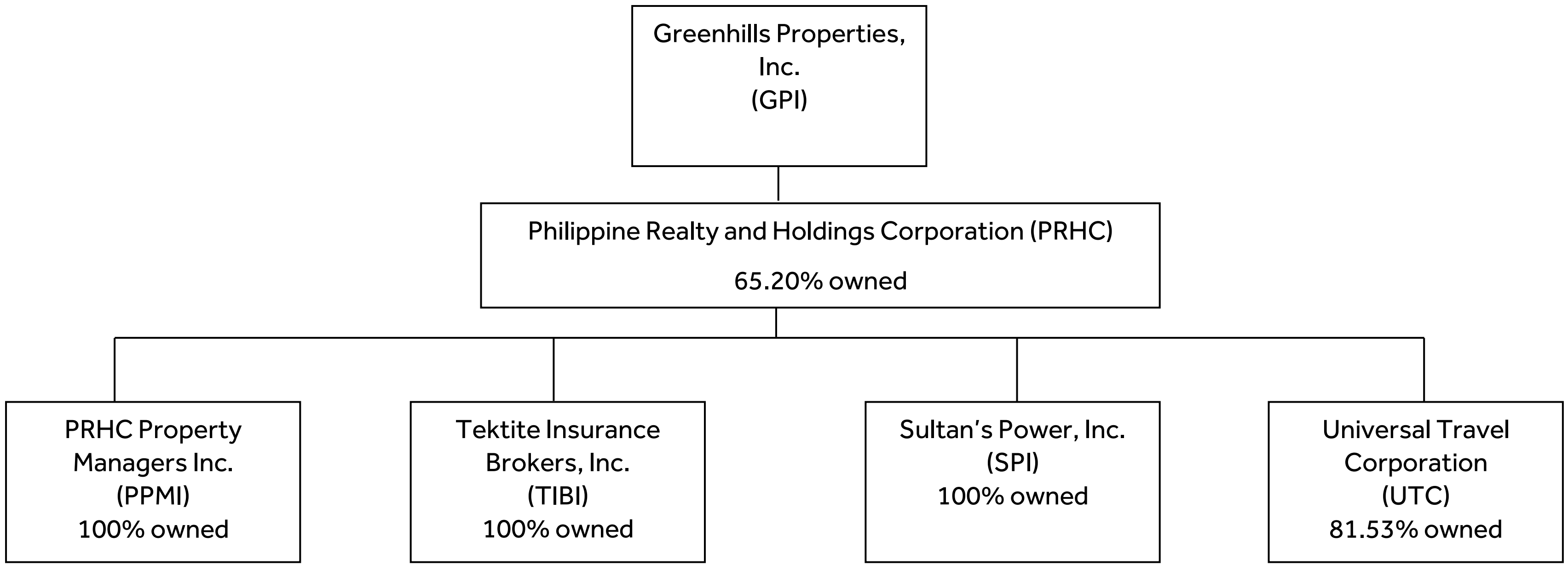
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
As of December 31, 2022

Philippine Realty And Holdings Corporation
One Balete, 1 Balete Drive Corner N. Domingo St.
Brgy. Kaunlaran, District 4, Quezon City 1111, Philippines

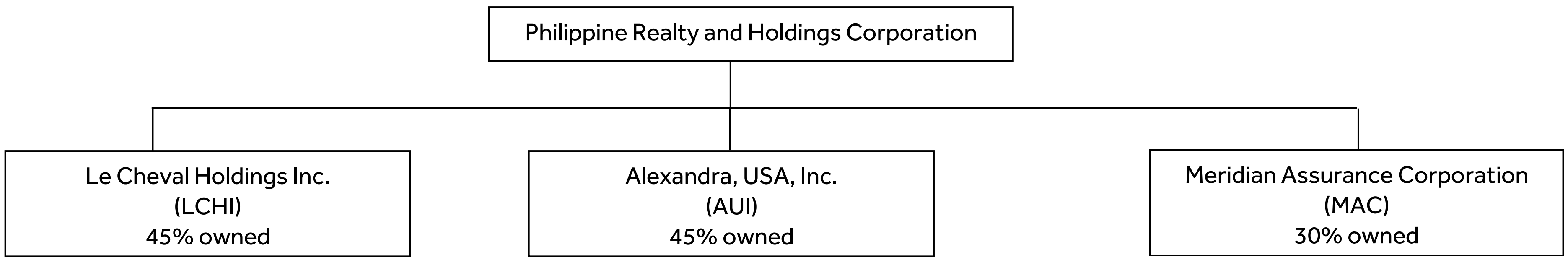
	2022	2021
Current Ratio[1]	**3.61**	5.31
Acid Test Ratio[2]	**1.32**	1.30
Debt to Equity Ratio[3]	**0.32**	0.30
Asset to Equity Ratio[4]	**1.32**	1.30
Interest Coverage Ratio[5]	**5.80**	4.56
Net Profit Margin Ratio[6]	**0.56**	0.77
Return on Assets[7]	**0.02**	0.02
Return on Equity[8]	**0.03**	0.03
Solvency Ratio[9]	**0.09**	0.03

[1] *Current ratio is measured as current assets divided by current liabilities.*
[2] *Acid test ratio is measured as current assets less inventory divided by current liabilities.*
[3] *Debt to equity ratio is measured as total liabilities divided by total equity.*
[4] *Asset to equity ratio is measured as total assets divided by total equity.*
[5] *Interest coverage ratio is measured by EBIT, or earnings before interest and taxes, divided by total financing costs.*
[6] *Net profit margin ratio is derived by dividing net profit with total revenue.*
[7] *Return on assets is measured by dividing net income after tax with total assets.*
[8] *Return on equity is measured by dividing net income after tax with total capital accounts.*
[9] *Solvency ratio is measured by dividing net income after tax plus depreciation with total liabilities.*

PHILIPPINE REALTY AND HOLDINGS CORPORATION
SUBSIDIARIES, AFFILIATES GROUP STRUCTURE
As of December 31, 2022



Associates:



ANNEX 68-I

Schedule for Listed Companies with a Recent Offering of Securities to the Public
As of December 31, 2022

Philippine Realty And Holdings Corporation
One Balete, 1 Balete Drive Corner N. Domingo St.
Brgy. Kaunlaran, District 4, Quezon City 1111, Philippines

1. Gross and net proceeds as disclosed in the final prospectus
   Not applicable

2. Actual gross and net proceeds
   Not applicable

3. Each expenditure item where the proceeds were used
   Not applicable

4. Balance of the proceeds as of end reporting period
   Not applicable

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule A – Financial Assets
December 31, 2022

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes	Amount shown in the Statement of Financial Position	Valued based on market quotation at end of reporting period	Income received and accrued
Financial assets at fair value through profit or loss				
Tagaytay Properties	6,750,000 shares	P6,750,000	P6,750,000	P -
Financial Assets at Fair Value through OCI				
Equity securities				
A. Brown Company, Inc.	36,840,000 shares	P29,103,600	P29,103,600	P -
Premium Leisure Corporation	14,264,120 shares	6,133,572	6,133,572	-
Philippine Racing Club (prc)	944 shares	7,364	7,364	-
Orchard Golf & Country Club CLASS "C" Shares	1 share	800,000	800,000	-
Valley Golf Country Club	1 share	1,600,000	1,600,000	-
	51,105,066 shares	P37,644,536	P37,644,536	P -
Trade and other receivables - net		P559,511,421	P559,511,421	P619,736
		P603,905,957	P603,905,957	P619,736

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule B –Amounts Receivable from Director, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2022

Name of Debtor	Balance at the beginning of the period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of period
AGUILAR, DENNIS	P27,836	P41,754.00	(P41,754.00)	P -	P27,836.00	P -	P27,836.00
ALMEROL, CARLA	104,035	301,489.00	(340,051.00)	-	65,473.00	-	65,473.00
AVILA, JESSICA	8,000	2,071.00	(2,071.00)	-	8,000.00	-	8,000.00
BONTOGON, MARISSA	486,365	205,864.00	(461,442.00)	-	230,787.00	-	230,787.00
CALANOG, DANTE	54,062	61,602.00	(72,489.00)	-	43,175.00	-	43,175.00
CALUBAYAN, MARIE JOYCE	81,924	220,333.00	(265,369.00)	-	36,888.00	-	36,888.00
CARAG, ADELINE SUSAN	424,172	3,826.00	(316,733.00)	-	111,265.00	-	111,265.00
CARTAGENA, AILENE	21,441	51,162.00	(48,098.00)	-	24,505.00	-	24,505.00
CATACUTAN, MIGUEL GERALDITO	40,216	11,468.00	(51,612.00)	-	72.00	-	72.00
CIAR, ERWIN	585,731	245,588.00	(697,146.00)	-	134,173.00	-	134,173.00
CONSTANTINO,VIRGILIO	-	-	-	-	-	-	-
CRUZ, ROSELLE	10,092	28,530.00	(28,529.00)	-	10,093.00	-	10,093.00
DAYRIT, AMYLEEN JOY	168,254	15,274.00	(108,301.00)	-	75,227.00	-	75,227.00
DEL ROSARIO, ALFREDO S	13,267,568	271,055.00	(627,616.00)	-	12,911,007.00	-	12,911,007.00
DELA CRUZ, ANGELICA	20,445	12,806.00	(33,251.00)	-	-	-	-
DEOCAMPO, DEXTER JAN	-	41,807.00	(24,295.00)	-	17,512.00	-	17,512.00
DEOCERA, NORBERT	90,430	10,453.00	(100,883.00)	-	-	-	-
DUMAYAS, JINECA PRINCESS	-	7,000.00	(7,000.00)	-	-	-	-

Name of Debtor	Balance at the beginning of the period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of period
DURAN, AILEEN	1,411,469	4,577,495.00	(5,457,274.00)	-	531,690.00	-	531,690.00
DURAN, NORMALENE	249,561	29,271.00	(105,512.00)	-	173,320.00	-	173,320.00
ENRIQUEZ, EDILYNDA	264,707	220,597.00	(485,304.00)	-	-	-	-
FAJATIN, INJA	-	47,450.00	(47,450.00)	-	-	-	-
FISCHER, VINCENT	1,468,891	-	-	-	1,468,891.00	-	1,468,891.00
GAGTAN, ALAIN FLORA		-	-		-		-
GARGAR, ERWIN	3,500	-	(3,500.00)	-	-	-	-
GATCHALIAN, VILLAMOR	20,007	64,696.00	(62,836.00)	-	21,867.00	-	21,867.00
GO, RICHARD NICOLAS KO	752,503	61,594.00	(642,258.00)	-	171,839.00	-	171,839.00
GOZO, CAROL JOY	80,500	245,500.00	(316,000.00)	-	10,000.00	-	10,000.00
HERNANI, MARIA ELIZABETH	26,399	134,676.00	(161,075.00)	-	-	-	-
ISNIT, JOSEFINA	497,379	749,242.00	(1,130,287.00)	-	116,334.00	-	116,334.00
LAMPAS, ROCHELLE JOY	23,760	28,562.00	(52,322.00)	-	-	-	-
LANUZA, CAMILLE	67,495	-	-	-	67,495.00	-	67,495.00
LANUZA, GERARDO DOMENICO	813,444	22,536.00	(628,266.00)	-	207,714.00	-	207,714.00
LAROYA, JOHN CEDRICK	10,000	-	-	-	10,000.00	-	10,000.00
MAGPAYO, GILBERT	3,500	-	(3,500.00)	-	-	-	-
MAGPAYO, JERRY	-	32,000.00	(29,000.00)	-	3,000.00	-	3,000.00
MEDRANO, EDMUNDO	1,231,026	10,219.00	(836,416.00)	-	404,829.00	-	404,829.00
MIRANDE, MIKE	375,810	101,266.00	(385,114.00)	-	91,962.00	-	91,962.00
NARITO-DIOCARES, GERALDINE	-	109,220.00	(104,220.00)		5,000.00		5,000.00
PACA, CARLOS MIGUEL	859,477	468,612.00	(602,226.00)	-	725,863.00	-	725,863.00
PANESA, MARIA TERESA	-	94,000.00	(80,500.00)		13,500.00		13,500.00
PENGSON, BELLE	1,950	17,000.00	(18,950.00)	-	-	-	-

Name of Debtor	Balance at the beginning of the period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of period
PERILLO, MARIA CHRISTINA	284,841	330,067.00	(369,165.00)	-	245,743.00	-	245,743.00
PUYAT, TXYLA	233,365	21,224.00	(91,439.00)	-	163,150.00	-	163,150.00
RAMOS, MARK ANTHONY	161,684	42,715.00	(163,831.00)	-	40,568.00	-	40,568.00
REYES, REINHARD	-	4,390.00	(4,390.00)	-	-	-	-
SANTOS, ROZANO	408,006	366,458.00	(426,080.00)	-	348,384.00	-	348,384.00
SANTOS, LEONARD ROSS	254,028	218,197.00	(123,661.00)	-	348,564.00	-	348,564.00
TABAJEN, CHRISTIAN	-	28,244.00	(28,244.00)	-	-	-	-
TABLADA, DEXTER	-	40,897.00	(40,897.00)	-	-	-	-
TABORLUPA, MARGIE	150,607	158,463.00	(204,845.00)	-	104,225.00	-	104,225.00
TAMANG, CHARLIE	7,000	-	(7,000.00)	-	-	-	-
TUROT, KRISTEL JOY	15,630	330.00	(330.00)	-	-	-	-
UMAYAM,RODRIGO	102,836	5,069.00	(20,699.00)	-	-	-	-
VALENTIN, RHONALD	-	334,844.00	(371,365.00)	-	66,315.00	-	66,315.00
VEDAÑA, FERDERICK	26,897	134,827.00	(134,827.00)	-	-	-	-
VERCELES, REGANDOR	407,647	62,292.00	(75,264.00)	-	13,925.00	-	13,925.00
VERZOSA, SAMUEL	-	148,156.00	(248,875.00)	-	306,928.00	-	306,928.00
VICTORIA, RODOLFO	7,582	-	-	-	-	-	-
VINLUAN, FATIMA	-	-	-	-	-	-	-
Others	201,889	3,804.00	(205,693.00)	-	-	-	-
	P25,813,961	**P10,476,906.00**	**(P16,933,748.00)**	**P -**	**P19,357,119.00**	**P -**	**P19,357,119.00**

Note: Receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders are subject to usual terms in the normal course of business.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule C – Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statement
December 31, 2022

Name of Debtor	Balance at the beginning of the period	Additions	Amounts collected (i)	Amounts written-off (ii)	Current	Non-current	Balance at the end of period
Universal Travel Corporation, Subsidiary	P29,897,408	P92,243	P -	P -	P -	P29,989,651	P29,989,651
PRHC Property Managers, Inc., Subsidiary	9,222,303	4,137,628	-	-	13,359,931	-	13,359,931
Sultan's Power, Inc., Subsidiary	76,409,530	3,941,544	50,000	-	-	80,301,074	80,301,074
	P115,529,241	P8,171,415	P50,000	P -	P13,359,931	P110,290,725	P123,650,656

i. If collected was other than in cash, explain.
ii. Give reasons to write-off.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule D – Long Term Debt
December 31, 2022

Title of issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt in related Statement of Financial Position " (ii)	Amount shown under caption "Long-term debt in related Statement of Financial Position " (iii)	Interest Rate %	Maturity Date
Car loan	25,574,812	1,583,107	706,599	0.78%-0.80%	2023-2024
Car loan	15,789,574	536,450	574,351	0.73%-0.79%	2023-2025
Real estate mortgage	1,489,966,798	413,706,633	226,260,165	4.75%-8.5%	2023-2025
Real estate mortgage	900,000,000	250,000,000	-	4.5%-6%	2023
Notes Payable	3,744,000	896,804	159,255	11.06%	2024

i. Include in this column each type of obligation authorized.
ii. This column is to be totalled to correspond to the related Statements of Financial Position caption.
iii. Include in this column details as to interest rates, amounts or numbers of periodic instalments, and maturity dates.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule E – Indebtedness to Related Parties
(included in the Consolidated Financial Statement of Position)
December 31, 2022

Name of Related Parties (i)	Balance at the beginning of the period	Balance at the end of the period (ii)

None to report.

i. The related party shall be grouped as in Schedule C. The information called for shall be stated for any persons whose investments shown in separately in such related schedule.
ii. For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that is in excess of 10% of the related balance at either the beginning or end of the period.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule F – Guarantees of Securities of Other Issuers
December 31, 2022

Name of the issuing entity of securities guaranteed by the company for which this statement is fled	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding (i)	Amount owned by person of which statement is filed	Nature of Guarantee (ii)

None to report.

---

i. Indicate in the note any significant changes since the date of the last balance sheet file. If this schedule is filed in support of consolidated financial statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the consolidated balance sheet.
ii. There must be a brief statement of the nature of the guarantee, such as "Guarantee of Principal and Interest"', "Guarantee of Interest" or "Guarantee of Dividend". If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule G – Capital Stock
December 31, 2022

Title of Issue (i)	Number of shares authorized	Number of shares issued and outstanding as shown under the related Statement of Financial Position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and employees	Others (iii)
Common	16,000,000,000	7,866,647,523	-	-	545,896,841	-

i. Include in this column each type of issue authorized
ii. Related parties referred to include persons for which separate financial statements are filed and those included in the consolidated financial statements, other than the issuer of the particular security.
iii. Indicate in a note any significant changes since the date of the last balance sheet filed.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	9	9	9	0	5				

Company Name

PHILIPPINE REALTY AND HOLDINGS CORPORATION

Principal Office (No./Street/Barangay/City/Town)Province)

ONE BALETE, 1 BALETE DRIVE CORNER N. DOMINGO ST. BRGY. KAUNLARAN, DISTRICT 4, QUEZON CITY 1111, PHILIPPINES

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
2,257	June 30	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number

Contact Person's Address

BUREAU OF INTERNAL REVENUE
QUALITY ASSURANCE DIVISION
RECEIVED
APR 28 2023
PAGINIO

Note 1: In case of death, resgination 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.

PHILIPPINE REALTY AND HOLDINGS CORPORATION

SEPARATE FINANCIAL STATEMENTS
December 31, 2022, 2021 AND 2020

Philippine Realty & Holdings Corporation

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **PHILIPPINE REALTY AND HOLDINGS CORPORATION** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud and 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 going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

GERARDO DOMENICO ANTONIO V. LANUZA
Chairman and President

EDMUNDO C. MEDRANO
Executive Vice President and Chief Operating Officer and Treasurer

Signed this 21st day of March 2023.

SUBSCRIBED AND SWORN to before me this ______ day of 27 APR 2023, 2023, affiants exhibiting to me their Tax Identification Nos., as follows:

Name	Tax Identification No.
Gerardo Domenico Antonio V. Lanuza	243-616-771
Edmundo C. Medrano	134-515-229

Doc. No. 202;
Page No. 42;
Book No. 94;
Series of 2023

APR 28 2023

ERWIN PACINIO

ATTY. RUBEN M. AZAÑES, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2023
PTR NO. 4029325D, 01/08/2023-Q.C.
IBP NO. 293181, 01/10/2023-Quezon City Chapter
Roll of Attorney's No.48427
Admin Matter No.025(2023-2024)
MCLE VII-0018805-05-24-2022

Maceda Valencia & Co
Certified Public Accountants and Management Consultants

BOA/PRC Registration No. 4748
SEC Accreditation No. 0196-FR-1
BSP Accredited
IC Accredited
BIR Accredited

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Shareholders and Board of Directors
Philippine Realty and Holdings Corporation
One Balete, 1 Balete Drive corner N. Domingo Street
Brgy. Kaunlaran District 4
Quezon City

We have audited the separate financial statements of Philippine Realty and Holdings Corporation as at and for the year ended December 31, 2022, on which we have rendered our report dated March 21, 2023.

In compliance with Revised Securities Regulation Code Rule 68 and based on the certification received from the Company's corporate secretary and the results of our work done, as at December 31, 2022, we are stating that the said Company has two thousand two hundred fifty-seven (2,257) shareholder owning one hundred (100) or more shares.

MACEDA VALENCIA & CO.

ANTONIO O. MACEDA, JR.
Partner
CPA License No. 20014
Tax Identification No. 102-090-963-000
PTR No. 9592715
Issued on January 18, 2023 at Makati City
BOA/PRC Reg. No. 4748 valid until August 7, 2024
BIR Accreditation No. 08-001987-004-2021 (firm)
Issued on April 7, 2021; valid until April 6, 2024
BIR Accreditation No. 08-001987-004-2021 (individual)
Issued on April 12, 2021; valid until April 11, 2024
SEC Accreditation No. 4748-SEC, Group A (firm)
Effective for audits of 2019 to 2023 financial statements
SEC Accreditation No. 20014-SEC, Group A (individual)
Effective for audits of 2022 to 2026 financial statements

March 21, 2023
Makati City

RECEIVED
APR 28 2023

5/F Don Jacinto Building
dela Rosa cor Salcedo Sts.
Legazpi Village, Makati City
1226 Philippines
Telephone + 63 (2) 8403 7228 to 30
Fax + 63 (2) 8403 7306

mvco@MVCo.com.ph
www.MVCo.com.ph
www.nexia.com

BOA/PRC Registration No. 4748
SEC Accreditation No. 0196-FR-1
BSP Accredited
IC Accredited
BIR Accredited

REPORT OF INDEPENDENT AUDITORS

The Shareholders and Board of Directors
Philippine Realty and Holdings Corporation
One Balete, 1 Balete Drive corner N. Domingo Street
Brgy. Kaunlaran District 4
Quezon City

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Philippine Realty and Holdings Corporation (the "Company"), which comprise the separate statements of financial position as at December 31, 2022 and 2021, and the separate statements of total comprehensive income, separate statements of changes in equity and separate statements of cash flows for the three years in the period ended December 31, 2022, and notes to the separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2022 and 2021, and its unconsolidated financial performance and its unconsolidated cash flows for the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

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 Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BUREAU OF INTERNAL REVENUE
LT-DOCUMENT PROCESSING
& QUALITY ASSURANCE DIVISION
RECEIVED
APR 28 2023

5/F Don Jacinto Building
dela Rosa cor Salcedo Sts.
Legazpi Village, Makati City
1226 Philippines
Telephone + 63 (2) 8403 7228 to 30
Fax + 63 (2) 8403 7306

mvco@MVCo.com.ph
www.MVCo.com.ph
www.nexia.com

The Risk

Real Estate Revenue Recognition and Determination of Related Cost

The Company's revenue recognition process, policies and procedures on real estate sales are significant to our audit because these involve the application of significant judgment and estimation. In addition, real estate sales and costs of real estate sales amounted to P225.00 million or 27% of Revenues and Income and P106.30 million or 20% of Cost and Expenses, respectively, for the year ended December 31, 2022. The areas affected by revenue recognition, which requires significant judgments and estimates, include determining when a contract will qualify for revenue recognition, measuring the progress of the development of real estate projects which defines the amount of revenue to be recognized and determining the amount of actual costs incurred as cost of real estate sales. These areas were significant to our audit as an error in application of judgments and estimates could cause a material misstatement in the financial statements.

The Company's policy for revenue recognition on real estate sales are more fully described in Note 28 to the financial statements. The significant judgments applied, and estimates used by management related to revenue recognition are more fully described in Note 29 to the financial statements. The breakdown of real estate sales and costs of real estate sales are also in Note 7 to the financial statements.

Our Response

We obtained an understanding of the revenue and cost recognition policy on real estate sales transactions. We performed risk assessment procedures to obtain audit evidence about the design and implementation of relevant controls. We performed a walkthrough as part of obtaining an understanding of the revenue and cost recognition process to identify and further understand what could go wrong in the process and to identify relevant controls that management has implemented to address what could go wrong. In performing walkthroughs, we obtained sufficient information to be able to evaluate the design and implementation of relevant controls and tested for operating effectiveness over revenue and cost recognition process and financial reporting close process.

On the revenue recognition process, the following controls, among others, were identified and tested for operating effectiveness.

- Control over initiation – sales reservation and payment scheme are based on valid transaction and sales cancellation are issued based on cancellation policy;
- Control over authorization – (a) Reservation and payment scheme, Contract to Sell, and Deed of Absolute Sale and (b) Notice of Cancellation for cancellation are approved by authorized officer;
- Control over recording and processing - Sales are systems generated at point of recognition and are counterchecked by responsible finance officer and cancellations are manually recognized based on approved Notice of Cancellation.

On the cost recognition process, the following key controls, among others, were tested for operating effectiveness.

- Control over initiation - Project costs are initiated based on budget.
- Control over authorization - (a) Budgets are approved by management and the Board; (b) Project spendings are made based on approved letters of award; (c) Recommendation for payment are compared with approved letter of award and approved by authorized officer; and (d) Changes in contract are approved by authorized officer;
- Control over recording and processing - (a) Payments are recorded based on approved recommendation of payment; (b) Sales are systems generated on point of recognition based on approved standard cost; and (c) Other capitalized cost such as interest cost are manually recorded based on policy.

On financial reporting close process, control over preparation of relevant disclosure were tested for operating effectiveness. Financial statements and relevant disclosures are prepared and reviewed by authorized finance officer.

We also performed substantive test procedure on selected sales and cancellations transactions during the year by examining the approved payment scheme, Contract to Sell or Deed of Absolute Sale and Notice of Cancellation and reperformed calculation of sales or cancellations recognized.

Valuation of Real Estate Inventories

The Risk

Real estate inventories constitute a material component in the Company's statements of financial position. Real estate inventories amounted to P2.09 billion representing 24% of the total assets as at December 31, 2022. Real estate inventories include properties under construction, newly built and acquired properties that are held for sale in the ordinary course of business and land held for development. Real estate inventories are valued at the lower of cost or market and net realizable value.

The valuation of real estate inventories is influenced by assumptions and estimates regarding construction costs to be incurred, and future selling prices. Weak demand and the consequential over supply of residential units might exert downward pressure on transaction volumes and selling prices of residential properties.

Our Response

Based on the controls over cost recognition process, we examined supporting documents of selected transactions of sampled projects to ensure that cost spending are complete and accurate and relates to the project and any spending noted outside the budgeted costs including capitalized interest are explained.

We reperformed standard cost calculation for selected projects and compared it with the standard cost used to cost inventories. We compared standard cost against net realizable values of selected projects through inspection of most recent sales contracts and expected sales proceeds from the remaining properties. We also tested the basis of percentage of completion for a project completed during the year.

Allowance for Impairment Losses on Trade and Other Receivables

The Risk

The allowance for impairment losses on trade and other receivables is considered to be a matter of significance as it requires the application of judgment and use of subjective assumptions by management. As of December 31, 2022, trade and other receivables has a total carrying amount of P564 million contributing 7% of the Company's total assets.

Our Response

We tested the calculation methodology which is based on cash flows of future payments considering historical data of collections and defaults including the value of repossessed inventories and possible refunds. We also tested the assumptions including interest rates used in computing for the expected credit loss.

RECEIVED
APR 28 2023
ERWIN PACINIO

Valuation of Investment Properties

The Risk

Investment properties is considered to be a matter of significance as it requires the application of valuation judgment and use of assumptions by management. As of December 31, 2022, investment property has a total carrying amount of P4.88 billion contributing 57% of the Company's total assets.

Our Response

To validate additions to investment properties, we examined supporting documents such as contracts, Deeds of Absolute Sale, supplier invoices and/or official receipts.

To determine fair value adjustments, we obtained the latest appraisal report and evaluated appropriateness of assumptions and valuation method and completeness of the information used.

We also evaluated the competence and objectivity of the external expert engaged by the management to value the investment properties by ensuring the expert is an accredited appraiser by the SEC and had discussions with the expert on the methodology used including any adjustments made.

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

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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.

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BUREAU OF INTERNAL REVENUE
LT-DOCUMENT PROCESSING
& QUALITY ASSURANCE DIVISION
RECEIVED
APR 28 2023
ERWIN PACINIO

Maceda Valencia & Co
Certified Public Accountants and Management Consultants

Report on the Supplementary Information Required by the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information on taxes and license fees required for purposes of filing with the Bureau of Internal Revenue is presented by the management of Philippine Realty and Holdings Corporation in a separate schedule. Revenue Regulation 2-2014 and 15-2010 requires the information to be presented in the notes to the separate financial statements. Such information is the responsibility of management and is not a required part of the basic separate financial statements. Our opinion on the basic separate financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audit resulting in this independent auditor's report is Antonio O. Maceda, Jr.

MACEDA VALENCIA & CO.

A. Maceda Jr.

ANTONIO O. MACEDA, JR.
Partner
CPA License No. 20014
Tax Identification No. 102-090-963-000
PTR No. 9592715
Issued on January 18, 2023 at Makati City
BOA/PRC Reg. No. 4748 valid until August 7, 2024
BIR Accreditation No. 08-001987-004-2021 (firm)
Issued on April 7, 2021; valid until April 6, 2024
BIR Accreditation No. 08-001987-004-2021 (individual)
Issued on April 12, 2021; valid until April 11, 2024
SEC Accreditation No. 4748-SEC, Group A (firm)
Effective for audits of 2019 to 2023 financial statements
SEC Accreditation No. 20014-SEC, Group A (individual)
Effective for audits of 2022 to 2026 financial statements

March 21, 2023
Makati City

BUREAU OF INTERNAL REVENUE
LT-DOCUMENT PROCESSING
& QUALITY ASSURANCE DIVISION
RECEIVED
APR 28 2023
ERWIN PACINIO

A member of Nexia International

SEPARATE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	Note	2022	2021
ASSETS			
Current Assets			
Cash and cash equivalents	3	**P157,708,142**	P193,476,955
Financial assets at fair value through profit or loss (FVPL)	4,30	**6,750,000**	6,750,000
Trade and other receivables - current portion	6,31	**184,464,217**	139,386,732
Real estate inventories	7	**2,086,122,188**	2,136,292,560
Prepayments and other current assets – net	8	**363,136,328**	364,436,622
Investment in finance lease - current portion	13	**14,099,824**	13,055,174
Total Current Assets		**2,812,280,699**	2,853,398,043
Non-current Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	5,30	**36,076,106**	37,644,536
Trade and other receivables - net of current portion	6,31	**379,420,726**	467,066,100
Investments in subsidiaries	9	**19,100,000**	20,100,000
Investments in associates	10	**81,829,858**	81,829,858
Investment properties - net	11	**4,883,721,273**	4,372,443,439
Property and equipment - net	12	**59,926,295**	70,718,767
Investment in finance lease - net of current portion	13	**187,577,451**	201,677,353
Right-of-use asset - net	13	**97,414,601**	89,431,827
Total Non-current Assets		**5,745,066,310**	5,340,911,880
		P8,557,347,009	P8,194,309,923

	Note	2022	2021
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities			
Trade and other payables - current portion	14	**P85,653,425**	P120,715,975
Loans payable - current portion	15	**665,826,190**	381,134,818
Lease liability - current portion	13	**14,841,458**	14,116,765
Total Current Liabilities		**766,321,073**	515,967,558
Non-current Liabilities			
Trade and other payables - net of current portion	14	**84,809,964**	71,803,218
Loans payable - net of current portion	15	**227,541,115**	429,465,985
Retirement benefit obligation	17	**50,486,052**	52,083,088
Lease liability - net of current portion	13	**158,661,703**	173,503,161
Other non-current liabilities		**40,425,411**	40,970,220
Deferred tax liabilities - net	23	**699,939,428**	572,353,286
Total Non-current Liabilities		**1,261,863,673**	1,340,178,958
Total Liabilities		**P2,028,184,746**	P1,856,146,516

Forward

PHILIPPINE REALTY AND HOLDINGS CORPORATION
SEPARATE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	Note	**2022**	2021
EQUITY			
Capital stock	*24*	**P 4,433,211,671**	P4,433,189,171
Additional paid-in capital	*24*	**623,139,806**	623,139,806
Reserves	*25*	**54,072,312**	44,875,005
Retained earnings		**1,528,450,913**	1,346,671,864
Treasury stock	*24*	**(109,712,439)**	(109,712,439)
Total Equity		**6,529,162,263**	6,338,163,407
		P8,557,347,009	P8,194,309,923

See Notes to the Separate Financial Statements.

PHILIPPINE REALTY AND HOLDINGS CORPORATION
SEPARATE STATEMENTS OF TOTAL COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Note	**2022**	2021	2020
INCOME				
Sales of real estate		**P224,998,917**	P153,819,523	P264,772,984
Rent	*11,13*	**56,343,600**	55,049,665	69,119,550
Interest	*18*	**15,913,983**	17,377,552	13,642,810
Other income	*19*	**530,682,061**	630,572,948	307,951,392
		827,938,561	856,819,688	655,486,736
COSTS AND EXPENSES				
Cost of real estate sold	*7*	**106,296,787**	113,172,007	161,787,110
Cost of services	*20*	**39,043,111**	39,945,202	54,015,265
General and administrative expenses	*21*	**311,322,564**	280,389,396	275,602,079
Finance costs	*13,15*	**63,643,546**	70,631,236	36,508,551
Other expenses	*22*	**230,051**	90,852,818	1,660,400
		520,536,059	594,990,659	529,573,405
INCOME BEFORE INCOME TAX		**307,402,502**	261,829,029	125,913,331
INCOME TAX EXPENSE	*23*	**125,623,453**	58,226,599	81,413,348
NET INCOME		**181,779,049**	203,602,430	44,499,983
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will never be reclassified to profit or loss				
Remeasurement gain (loss) on retirement benefit obligation, net of tax	*25*	**10,765,737**	8,139,833	(8,389,664)
Unrealized holding gain (loss) on financial assets at FVOCI	*5,25*	**(1,568,430)**	(3,365,984)	5,316,590
		9,197,307	4,773,849	(3,073,074)
TOTAL COMPREHENSIVE INCOME		**P190,976,356**	P208,376,279	P41,426,909
BASIC EARNINGS PER SHARE	*26*	**P0.02**	**P0.02**	P0.01

See Notes to the Separate Financial Statements.

PHILIPPINE REALTY AND HOLDINGS CORPORATION
SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Capital Stock (Note 24)	Additional Paid-in Capital (Note 24)	Reserves (Note 25)	Retained Earnings	Treasury Stock (Note 24)	Total Equity
Balance as at January 1, 2020	P2,344,226,245	P557,014,317	P43,174,230	P1,098,569,451	(P109,712,439)	P3,933,271,804
Comprehensive income (loss)						
Net income for the year	-	-	-	44,499,983	-	44,499,983
Other comprehensive loss for the year	-	-	(3,073,074)	-	-	(3,073,074)
Total comprehensive income (loss) for the year	-	-	(3,073,074)	44,499,983	-	41,426,909
Balance as at December 31, 2020	2,344,226,245	557,014,317	40,101,156	1,143,069,434	(109,712,439)	3,974,698,713
Comprehensive income						
Net income for the year	-	-	-	203,602,430	-	203,602,430
Other comprehensive income for the year	-	-	4,773,849	-	-	4,773,849
Total comprehensive income for the year	-	-	4,773,849	203,602,430	-	208,376,279
Transaction with owners						
Issuance of shares during the year	2,088,888,889	66,125,489	-	-	-	2,155,014,378
Collection of subscriptions receivable	74,037	-	-	-	-	74,037
Balance as at December 31, 2021	4,433,189,171	623,139,806	44,875,005	1,346,671,864	(109,712,439)	6,338,163,407
Comprehensive income						
Net income for the year	-	-	-	181,779,049	-	181,779,049
Other comprehensive income for the year	-	-	9,197,307	-	-	9,197,307
Total comprehensive income for the year	-	-	9,197,307	181,779,049	-	190,976,356
Transaction with owners						
Collection of subscriptions receivable	22,500	-	-	-	-	22,500
Balance as at December 31, 2022	**P4,433,211,671**	**P623,139,806**	**P54,072,312**	**P1,528,450,913**	**(P109,712,439)**	**P6,529,162,263**

See Notes to Separate Financial Statements.

PHILIPPINE REALTY AND HOLDINGS CORPORATION
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Note	**2022**	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P 307,402,502**	P261,829,029	P125,913,331
Adjustments for:				
Finance costs	*13,15,17*	**63,643,547**	70,631,236	36,508,551
Impairment loss on trade and other receivables	*6,21*	**25,000,000**	22,779,538	4,709,039
Depreciation and amortization	*20,21*	**22,834,520**	21,440,773	23,152,547
Provision for retirement benefits	*17*	**12,757,280**	11,617,535	10,458,174
Impairment loss on investment in subsidiaries	*9,21*	**1,000,000**	-	-
Loss on cancellation of sale of investment property	*11,22*	**-**	87,996,422	-
Loss on sublease	*22*	**-**	2,769,442	-
Loss (gain) on sale of property and equipment	*19,22*	**(24,135)**	38,793	-
Gain on repossession of real estate inventories	*19*	**(1,498,643)**	(14,287,462)	(12,057,967)
Foreign exchange loss (gain)	*19,22*	**(1,952,441)**	(1,434,240)	1,183,942
Dividend income	*5,19*	**(1,953,910)**	-	-
Interest income	*18*	**(15,913,983)**	(17,377,552)	(13,642,810)
Gain on change in fair value of investment properties - net	*11,19*	**(518,036,292)**	(610,173,892)	(279,602,907)
Reversal of allowance for impairment losses on receivables	*6,19*	**-**	-	(13,471,215)
Operating loss before working capital changes		**(106,741,555)**	(164,170,378)	(116,849,315)
Decrease in:				
Trade and other receivables		**22,768,318**	502,257,372	364,935,872
Prepayments and other current assets		**1,628,314**	49,294	480,773
Real estate inventories		**69,979,015**	78,532,024	29,067,260
Increase (decrease) in:				
Trade and other payables		**(24,758,508)**	(47,719,083)	(83,311,969)
Unearned income		**-**	(1,361,382)	65,739
Other non-current liabilities		**(544,809)**	1,502,544	(2,073,117)
Net cash provided by (used in) operations		**(37,669,225)**	369,090,391	192,315,243
Interest received		**484,006**	16,399,995	13,642,810
Contributions to retirement fund		**-**	-	(2,000,000)
Retirement benefits paid		**-**	-	(300,000)
Net cash provided by (used in) operating activities		**(37,185,219)**	385,490,386	203,658,053

Forward

PHILIPPINE REALTY AND HOLDINGS CORPORATION
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Note	2022	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	12	**(P1,545,778)**	(P6,195,300)	(P1,388,537)
Additions to investment properties	11	**(30,030,586)**	(6,571,762)	(61,376,533)
Disposal of investment property	11	-	14,000,000	-
Proceeds of property and equipment		**24,135**	-	-
Proceeds from sale of property and equipment		**-**	1,071,894	171,763
Return of investment in associate	10	**-**	-	7,045,222
Net cash provided by (used in) investing activities		**(31,552,229)**	2,304,832	(55,548,085)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availments of loans	15	**1,013,706,633**	796,260,165	831,343,910
Collection of lease receivables	13	**23,284,800**	13,737,584	11,300,404
Proceeds from collections of subscriptions receivable	24	**22,500**	74,037	-
Costs incurred in issuance of shares	24	-	(100,985,622)	-
Payments of lease liabilities	13	**(22,941,000)**	(15,981,379)	(14,112,902)
Finance costs paid	13,15	**(52,116,608)**	(68,685,152)	(34,584,340)
Payments of loans principal	15	**(930,940,131)**	(1,016,252,646)	(952,575,586)
Net cash provided by (used in) financing activities		**31,016,194**	(391,833,013)	(158,628,514)
EFFECTS OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS		**1,952,441**	1,434,240	(1,183,942)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(35,768,813)**	(2,603,555)	(11,702,488)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**193,476,955**	196,080,510	207,782,998
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P157,708,142**	P193,476,955	P196,080,510

See Notes to the Separate Financial Statements.

BUREAU OF INTERNAL REVENUE
LT-DOCUMENT PROCESSING
& QUALITY ASSURANCE DIVISION
RECEIVED
APR 28 2023
ERWIN PACINIO

PHILIPPINE REALTY AND HOLDINGS CORPORATION

SEPARATE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	Note	2022	2021
EQUITY			
Capital stock	*24*	**P 4,433,211,671**	P4,433,189,171
Additional paid-in capital	*24*	**623,139,806**	623,139,806
Reserves	*25*	**54,072,312**	44,875,005
Retained earnings		**1,528,450,913**	1,346,671,864
Treasury stock	*24*	**(109,712,439)**	(109,712,439)
Total Equity		**6,529,162,263**	6,338,163,407
		P8,557,347,009	P8,194,309,923

See Notes to the Separate Financial Statements.

1. Corporate Information

Philippine Realty and Holdings Corporation (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 13, 1981 with a corporate life of fifty (50) years. The principal activities of the Company include the acquisition, development, sale and lease of all kinds of real estate and personal properties, and as an investment and holding company.

The Company was listed with the Philippine Stock Exchange (PSE) on September 7, 1987.

On June 22, 2021, the Company issued 4,177,777,778 new common shares at par value of P0.50 per share in favor of Greenhills Properties, Inc. (GPI), in exchange for the two vacant lots in Bonifacio Global City (BGC) making the Company a subsidiary of GPI (see Note 24).

The Company is 65.20% owned by GPI as at December 31, 2022 and 2021, respectively. The remaining shares are owned by various individuals and institutional stockholders.

The Company's registered address is at One Balete, 1 Balete Drive Corner N. Domingo St. Brgy. Kaunlaran, District 4, Quezon City 1111, Philippines.

2. Basis of Preparation

Statement of Compliance

The separate financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC), as approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The Company also prepares and issues consolidated financial statements for the same period in which it consolidates all its investments in subsidiaries. Such consolidated financial statements provide information about the economic activities of the group of which the Company is the parent.

The separate financial statements as of and for the year ended December 31, 2022 were reviewed by the Company's Audit Committee and authorized for issuance by the Board of Directors (BOD) on March 21, 2023.

Basis of Measurement

The Company's separate financial statements have been prepared under the historical cost convention, except for the following which are measured using alternative basis at each reporting date:

Account name	Measurement Bases
Financial assets at FVPL	Fair value
Financial assets at FVOCI	Fair value
Investment properties	Fair value
Retirement benefit obligation	Present value of the defined benefit obligation less fair value of plan assets

Functional and Presentation Currency

The separate financial statements are presented in Philippine peso, which is the presentation and functional currency of the Company. All financial information presented have been rounded to the nearest peso, unless otherwise stated.

Use of Estimates and Judgments

The preparation of the separate financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the separate financial statements are described in Note 29.

3. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash on hand	**P20,000**	P20,000
Cash in banks	**132,157,773**	114,233,497
Cash equivalents	**25,530,369**	79,223,458
	P157,708,142	P193,476,955

Cash in banks earned an average annual interest of 0.03% and 0.05% in 2022 and 2021. Cash equivalents represent money market placements or short-term investments with maturities up to three months and annual interest ranging from 3.00% to 4.40% and 0.10% to 2.75% in 2022 and 2021, respectively.

Interest income recognized amounted to P484,006, P468,202 and P750,818 in 2022, 2021 and 2020, respectively (see Note 18).

4. Financial Assets at Fair Value Through Profit or Loss (FVPL)

This account is composed of listed equity securities that are held for trading amounting to P6,750,000. The fair values of these securities are based on quoted market price.

5. Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

As at December 31, financial assets at FVOCI consist of investments in:

	Note	**2022**	2021
At cost:			
Listed shares of stock		**P58,332,808**	**P58,332,808**
Golf and country club shares		**3,350,000**	**3,350,000**
		61,682,808	**61,682,808**
Accumulated unrealized holding loss	*25*	**(25,606,702)**	**(24,038,272)**
		P36,076,106	**P37,644,536**

The movements in this account are summarized as follows:

	Note	**2022**	2021
Balance at beginning of year		**P37,644,536**	**P41,010,520**
Fair value adjustments	*25*	**(1,568,430)**	**(3,365,984)**
Balance at end of year		**P36,076,106**	**P37,644,536**

The investments in shares of stock of various listed equity securities present the Company with opportunity for return through dividend income. The fair values of these investments are based on quoted market prices. Unrealized holding gains or losses from market value fluctuations are recognized as part of the Company's reserves.

The above investments in equity instruments are not held for trading and the Company irrevocably elected to present subsequent changes in fair values in OCI.

Unrealized holding gain (loss) recognized in other comprehensive income from FVOCI financial assets amounted to (P1.57) million in 2022, (P3.37) million in 2021 and P5.32 million in 2020 (see Note 25).

Dividend income recognized in profit or loss amounted to P1,953,910 in 2022 (see Note 19).

6. Trade and Other Receivables

This account consists of:

	Note	**2022**	2021
Trade:			
Sale of real estate		**P533,856,617**	P532,504,422
Lease		**24,271,329**	27,651,679
Advances to subsidiaries and associates	*16*	**259,366,922**	256,190,669
Advances		**21,096,626**	27,834,225
Other receivables		**101,270,857**	113,249,245
		939,862,351	957,430,240
Less allowance for impairment loss		**375,977,408**	350,977,408
		563,884,943	606,452,832
Less: non-current portion		**379,420,726**	467,066,100
Trade and other receivables- current portion		**P184,464,217**	P139,386,732

Trade receivables include amounts due from buyers of the Company's condominium projects, generally over a period of three (3) or four (4) years. The condominium certificates of title remain in the possession of the Company until full payment has been made by the customers. Trade receivables for restructured accounts carry interest rates of 1.5% per month in 2022 and 2021. Interest income recognized amounted to P431,600, P619,736 and P2,016,397 in 2022, 2021 and 2020, respectively (see Note 18). Certain trade receivables with total carrying amount of P189.97 million and P76 million as at December 31, 2022 and 2021, respectively, are pledged to a local bank as collateral to the Company's loans payable (see Note 15).

Advances consist mainly of advances to officers and employees that are settled either through liquidation or salary deduction.

Other receivables include receivables amounting to P45.35 million and P44.02 million as at December 31, 2022 and 2021, respectively, in relation to the parcel of land sold in 2014. The remaining balance consists of receivables from concessionaires.

Receivables amounting to P375.98 million and P350.98 million as of December 31, 2022 and 2021, respectively, were impaired and fully provided with allowance. The movements in the allowance for ECLs on receivables are as follows:

2022

	Sale of real estate	**Lease**	**Advances to subsidiaries and associates**	**Advances**	**Other receivables**	**Total**
Beginning balance	**P88,650,704**	**P7,507,749**	**P237,135,099**	**P862,891**	**P16,820,965**	**P350,977,408**
Provisions (Reversals)	**(5,137,804)**	**(2,028,939)**	**-**	**-**	**32,166,743**	**25,000,000**
	P83,512,900	**P5,478,810**	**P237,135,099**	**P862,891**	**P48,987,700**	**P375,977,408**

2021

	Sale of real estate	Lease	Advances to subsidiaries and associates	Advances	Other receivables	Total
Beginning balance	P79,692,807	P1,038,654	P237,135,099	P478,891	P9,852,419	328,197,870
Provisions	8,957,897	6,469,095	-	384,000	6,968,546	22,779,538
	P88,650,704	P7,507,749	P237,135,099	P862,891	P16,820,965	P350,977,408

7. Real Estate Inventories

This account consists of:

	2022	2021
In progress:		
BGC Project	**P252,154,357**	P232,282,519
Andrea North Estate	**129,466,042**	130,987,227
	381,620,399	363,269,746
Completed units:		
Andrea North SkyVillas Tower	**96,696,424**	123,980,597
Andrea North Skyline Tower	**26,008,598**	85,822,208
The Icon Plaza	**29,267,782**	10,957,782
Casa Miguel	**7,192,072**	6,895,314
	159,164,876	227,655,901
Land held for development:		
New Manila, Quezon City	**135,336,913**	135,366,913
BGC	**1,410,000,000**	1,410,000,000
	1,545,336,913	1,545,366,913
	P2,086,122,188	P2,136,292,560

BGC Project represents the cost of the master plan design, excavation works, survey and permits, and capitalized loan interest related to the construction of the new tower in BGC.

On June 22, 2021, the Company received two BGC lots from GPI in exchange for the Company's shares of stock. One of these lots was recognized as part of real estate inventories – land held for development as the land is being used for the BGC condominium project.

On February 15, 2022, the Company's Board of Directors confirmed its November 16, 2021 approval of the reclassification of the Baguio property previously classified as real estate inventories – land held for development to investment properties with the change in use and the management's view of improving the value of the property over time, as well as the approval of the reclassification of a condominium unit in Icon Residences Tower 1 from real estate inventories to investment property due to change in use and the management's view of improving the value of the property over time.

On March 21, 2023, the Company's Board of Directors confirmed its December 20, 2022 approval of the reclassification of parking units in Icon Plaza from investment properties to real estate inventories as these properties have been sold/committed to be sold to several buyers.

Certain real estate inventories are mortgaged as collaterals to loans (see Note 15).

The cost of real estate inventories recognized in the separate statements of total comprehensive income amounted to P106,296,787, P113,172,007 and P161,787,110 in 2022, 2021 and 2020, respectively.

8. Prepayments and Other Current Assets

This account consists of:

	2022	2021
Creditable withholding tax	**P270,202,455**	P258,254,773
Prepaid tax	**27,648,388**	27,648,388
VAT for refund	**24,041,403**	9,418,683
Prepaid expenses	**23,617,989**	36,794,566
Deposits	**4,984,691**	4,624,691
Deferred input tax	**634,304**	634,304
Others	**12,007,098**	27,061,217
	P363,136,328	P364,436,622

Prepaid taxes are unutilized creditable withholding taxes which the Company opted for refund with the Bureau of Internal Revenue.

Prepaid expenses consist of advance payment to contractors, rent, real property tax, insurance premium and membership dues.

Creditable withholding tax pertains to taxes withheld by the Company's customers in accordance with tax regulations which remained unutilized as at the end of the reporting period. This can be utilized by the Company as a deduction from future income tax obligations.

Deposits pertain to refundable deposits paid to utility companies. These also include security deposits paid in relation to an office lease agreement.

9. Investments in Subsidiaries

Details of the Company's ownership interest in subsidiaries as of December 31 are as follows:

	2022	2021
PRHC Property Managers, Inc. (PPMI)	**100%**	100%
Tektite Insurance Brokers, Inc. (TIBI)	**100%**	100%
Sultan's Power, Inc. (SPI)	**100%**	100%
Universal Travel Corporation (UTC)	**81.53%**	81.53%

The details of the Company's investments in subsidiaries are as follows:

	2022	2021
Investments in Subsidiaries:		
Tektite Insurance Brokers, Inc. (TIBI)	**P13,900,000**	P13,900,000
Universal Travel Corporation (UTC)	**5,722,796**	5,722,796
PRHC Property Managers, Inc. (PPMI)	**5,200,000**	5,200,000
Sultan's Power, Inc. (SPI)	**1,000,000**	1,000,000
	25,822,796	25,822,796
Allowance for impairment loss	**(6,722,796)**	(5,722,796)
	P19,100,000	P20,100,000

The negative net worth of Universal Travel Corporation (UTC) and Sultan's Power, Inc. (SPI) indicates the impairment on the Company's investment. Accordingly, the Company provided an allowance for impairment loss amounting to P5,722,796 and P1,000,000 for investments in UTC and SPI.

Aggregated amounts relating to subsidiaries are as follows:

	2022	2021
PRHC Property Managers, Inc. (PPMI)		
Total assets	**P94,524,181**	P88,064,468
Total liabilities	**30,170,917**	34,251,070
Net assets	**64,353,264**	53,813,398
Income	**49,251,143**	38,575,375
Cost and expenses	**(41,320,228)**	(42,009,262)
Net income (loss)	**P7,930,915**	(P3,433,887)
Tektite Insurance Brokers, Inc. (TIBI)		
Total assets	**P9,363,637**	P11,899,046
Total liabilities	**4,119,265**	3,941,915
Net assets	**5,244,372**	7,957,131
Income	**5,933,208**	5,571,075
Cost and expenses	**(4,934,189)**	(5,234,232)
Net income	**999,019**	P336,843
Universal Travel Corporation (UTC)		
Total assets	**P1,270,628**	P1,200,628
Total liabilities	**30,143,984**	30,022,076
Net liabilities	**(28,873,356)**	(28,821,448)
Income	**-**	4,674
Cost and expenses	**(51,908)**	(42,243)
Net loss	**(P51,908)**	(P37,569)
Sultan's Power, Inc. (SPI)		
Total assets	**P1,881,712**	P5,653,712
Total liabilities	**76,963,922**	80,675,264
Net liabilities	**(75,082,210)**	(75,021,552)
Income	-	-
Cost and expenses	**(60,659)**	(134,042)
Net loss	**(P60,659)**	(P134,042)

The following are the principal activities of the Company's subsidiaries:

PRHC Property Managers, Inc.
PPMI was incorporated and registered with the SEC on May 24, 1991 to engage in the business of managing, operating, developing, buying, leasing and selling real and personal property either for itself and/or for others.

The registered office of PPMI is Unit E-2003B East Tower, Tektite Towers (formerly Philippine Stock Exchange Centre), Exchange Road, Ortigas Center, Pasig City.

Tektite Insurance Brokers, Inc.
TIBI was incorporated and registered with the SEC on January 2, 1989 to engage in the business of insurance brokerage. On May 24, 2022, the BOD of TIBI approved the amendment of the Company's Articles of Incorporation and By-laws to conform with the IC's requirements in changing its business activities from that of an insurance broker to an insurance agent.

The registered office of TIBI is Unit E-2004A East Tower, Tektite Towers (formerly Philippine Stock Exchange Centre), Exchange Road, Ortigas Center, Pasig City.

Universal Travel Corporation
UTC was incorporated and registered with the SEC on November 9, 1993 to engage in the business of travel services by providing, arranging, marketing, engaging or rendering advisory and consultancy services relating to tours and tour packages. On March 15, 2018, the Board of Directors of UTC approved the resolution on the cessation of its operations effective July 31, 2018. Thereafter, the Company became inactive.

The registered office of UTC is Unit E-2003B East Tower, Tektite Towers (formerly Philippine Stock Exchange Centre), Exchange Road, Ortigas Center, Pasig City.

Sultan's Power, Inc.
Sultan Power, Inc. ("SPI") was incorporated under Philippine laws and registered with the SEC on March 19, 2015 as a holding company. SPI achieved majority ownership in RECON-X Energy Corporation ("RECON-X") by acquiring 51% of the total issued and outstanding shares of the latter company.

RECON-X was incorporated under Philippine laws and registered with the SEC on June 27, 2014 to engage in the business of recycling and converting plastics into fuel (gasoline, diesel and kerosene) using patented technology. The process was duly certified on November 2, 2015, by the Intellectual Property Office of the Philippines ("IPOPHL") for "Improved Method of Converting Land-Filled Plastic Wastes into Hydrocarbon Fuel", certified by the Department of Science and Technology ("DOST") and by the Department of Energy ("DOE"). As of December 31, 2021, RECON-X was able to procure the additional catalysts and materials needed for the plastic diesel conversion plant to be used to process wastes into fuel. In 2022, RECON-X has undergone physical plant improvements and debottlenecking to enhance the yield of converted fuels. Given the ongoing streamlining of operations and training of employees for production, RECON-X is highly expected to commence its commercial operations in the second quarter of 2023 as it has already officially produced its first batch of fuel.

The registered office of SPI is Unit E-2003B East Tower, Tektite Towers (formerly Philippine Stock Exchange Centre), Exchange Road, Ortigas Center, Pasig City.

10. Investments in Associates

Details of the Company's ownership interest in associates as at December 31 are as follows:

	2022	2021
Meridian Assurance Corporation (MAC)	30%	30%
Alexandra (USA), Inc. (AUI)	45%	45%
Le Cheval Holdings, Inc. (LCHI)	45%	45%

The details of the Company's investments in associates are as follows:

	2022	2021
Investments in Associates:		
Meridian Assurance Corporation (MAC)	**P81,829,858**	P81,829,858
Alexandra (USA), Inc. (AUI)	**14,184,150**	14,184,150
Le Cheval Holdings, Inc. (LCHI)	**11,250**	11,250
	96,025,258	96,025,258
Allowance for impairment loss	**(14,195,400)**	(14,195,400)
	P81,829,858	P81,829,858

The imminent liquidation of Alexandra USA, Inc. (AUI) indicates impairment losses on this investment. In 2011, the Company provided an allowance for impairment loss amounting to P14,184,150 for investments in AUI.

The Company also provided an allowance for impairment loss amounting to P11,250 for investments in LCHI.

Aggregated amounts relating to associates are as follows:

	2022	2021
Meridian Assurance Corporation (MAC)		
Total assets	**P370,799,653**	P222,857,213
Total liabilities	**32,697,486**	25,988,007
Net assets	**338,102,167**	196,869,206
Income	**9,900,997**	244,458
Cost and expenses	**(14,557,798)**	(15,204,657)
Net loss	**(P4,656,801)**	(P14,960,199)
Le Cheval Holdings, Inc. (LCHI)		
Total assets	**P45,362**	P45,362
Total liabilities	**142,248**	142,248
Net assets	**(96,886)**	(96,886)
Income	**-**	-
Cost and expenses	**-**	-
Net loss	**P -**	P -

The following are the principal activities of the Company's associates:

<u>Meridian Assurance Corporation</u>
MAC was incorporated and registered with the SEC on March 16, 1960, renewed on November 13, 2007, primarily to engage in the business of insurance and guarantee of any kind and in all branches except life insurance, for consideration, to indemnify any person, firm or corporation against loss, damage or liability arising from any unknown or contingent event, and to guarantee liabilities and obligations of any person, firm or corporation and to do all such acts and exercise all such powers as may be reasonably necessary to accomplish the above purposes which may be incidental.

MAC did not comply with the minimum capital requirement set by the Insurance Commission as of December 31, 2016, as it is ceding its insurance business portfolio to another insurance company. MAC, however, will continue servicing the administrative requirements of all outstanding policies issued until their expiry. On March 30, 2017, the Company wrote the Insurance Commission to apply for a license as a servicing company and tendered its Certificate of Authority (CA) as non-life insurance company. Pending issuance of the servicing license, the Company still issued new policies up to April 30, 2017. On May 1, 2017, the Insurance Commission approved the Company's application as a servicing company and issued a servicing license. As a servicing insurance company, the Company's transactions are confined to: (i) accepting periodic premium payments from its policyholders; (ii) granting policy loans and paying cash surrender values of outstanding policies to its policyholders; (iii) reviving lapsed policies of its policyholders, and (iv) such other related services.

In 2020, the Insurance Commission approved the release of the contingency surplus of MAC to its stockholders. The Company received its 30% share amounting to P7,045,222.

On July 7, 2021, MAC received a letter from the insurance commission confirming MAC's withdrawal from the insurance business. It is also stated in the letter that MAC is no longer required to submit annual financial statements and other documentary requirements to the commission starting financial year-end 2021. As at December 31, 2022, MAC is in the process of preparing the necessary documents for the amendment of Articles of Incorporation and By-laws for filing with the SEC and IC, thereafter, the Company plans to engage in the business of asset management.

The registered office of MAC is Unit E-2003B East Tower, Tektite Towers (formerly Philippine Stock Exchange Centre), Exchange Road, Ortigas Center, Pasig City.

Le Cheval Holdings, Inc.
LCHI was incorporated and registered with the SEC on August 30, 1994 as a holding company and had commenced operations as such by acquiring the majority outstanding shares of stock of Philippine Racing Club, Inc. (PRCI), a holding company incorporated in the Philippines. In 1996, LCHI sold its shares of stock of PRCI. Thereafter, LCHI became inactive.

Alexandra (USA), Inc.
AUI was incorporated in the United States of America (USA). AUI is involved in property development in Florida, USA. AUI is jointly owned with GPI (45%) and Warrenton Enterprises Corporation (10%) of William Cu-Unjeng. AUI is in the process of liquidation after the completion of the projects in Naples and Orlando. No information was obtained on the financial status and operations of AUI since 2012.

11. Investment Properties

The Company obtained the services of an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The effects are detailed below:

	2022	2021
Cost		
Balance, beginning	**P2,094,440,777**	P1,211,490,837
Additions	**30,030,586**	6,571,762
Return due to sales cancellation	**-**	33,859,578
Land acquired through share swap	**-**	846,000,000
Disposal	**-**	(14,000,000)
Reclassified from (to) real estate inventories	**(18,310,000)**	10,518,600
Reclassified to investment in finance lease	**(18,479,044)**	-
Balance, ending	**2,087,682,319**	2,094,440,777
Accumulated unrealized holding gain	**2,796,038,954**	2,278,002,662
	P4,883,721,273	P4,372,443,439

Details of the cost of investment properties are as follows:

	2022	2021
Cost of investment properties		
BGC	**P846,000,000**	P846,000,000
PSE East	**534,361,116**	520,494,591
Baguio	**399,436,449**	384,400,952
PSE West	**183,603,423**	183,603,423
The Icon Plaza	**79,903,153**	115,563,633
San Fernando, La Union	**33,859,578**	33,859,578
Icon Residences Tower 1	**10,518,600**	10,518,600
	P2,087,682,319	P2,094,440,777

<u>BGC</u>
On June 22, 2021, the Company received two (2) BGC lots from GPI in exchange for the Company's shares of stock. One of these lots was recognized as part of investment properties as the land has undetermined use as of the reporting date and will be held for capital appreciation.

<u>Tektite Towers East Tower and West Tower</u>
In 2020, the Company acquired condominium units and parking spaces at the East Tower and West Tower of Tektite Towers.

<u>Baguio</u>
With the positive outlook of growth in 2018, the Company saw the opportunity to develop Baguio property into a residential development for sale. The property was then classified as part of real estate inventories – land held for development. In 2019, the Company continued with the original plan to develop the property, however, in 2020, due to the effect of COVID-19 pandemic on the overall economic condition, the Company reviewed its strategy to assume a more conservative approach by adjusting its development schedules to ensure its stability and managing cash flow. The Company decided to prioritize the development of a residential tower in BGC. Consequently, the development plan for the Baguio property was shelved with a view of improving the value of the property over time. In the meantime, a lease was entered with PPMI, a subsidiary company, to generate cash flow to cover a portion of the costs of maintaining the property. With the Company' view of improving the value of

the property over time, the Company with the approval of the Board of Directors, reclassified this property to Investment Properties.

The Icon Plaza
On March 21, 2023, the Company's Board of Directors confirmed its December 20, 2022 approval of the reclassification of several parking units in Icon Plaza from investment properties to real estate inventories as these properties have been sold/are committed to be sold to several buyers.

San Fernando, La Union
On November 29, 2021, the Company cancelled its Contract to Sell agreement dated December 18, 2014 with Humboltbay Holdings, Inc for the San Fernando, La Union lot originally classified as investment property prior to sale. The Company incurred a loss on sale cancellation of investment property amounting to P87,996,422 (see Note 22).

Icon Residences Tower 1
On November 16, 2021, the Company's Board of Directors approved the reclassification of a condominium unit in Icon Residences Tower 1 from real estate inventories to investment property due to change in use (see Note 7). On November 24, 2021, the Company received a formal offer to lease the unit once renovation and repairs are completed and the unit is ready for occupancy. Renovation and repairs were delayed due to issues with a unit owner who owned the unit where the damage emanated from.

Details of the accumulated unrealized holding gain are as follows:

	2022	2021
Accumulated unrealized holding gain		
Tektite East Tower	**P1,006,368,018**	P999,365,018
Tektite West Tower	**566,540,552**	556,747,007
San Fernando, La Union	**295,480,822**	249,372,822
BGC	**738,000,000**	246,800,000
The Icon Plaza	**72,345,367**	110,035,367
Baguio	**106,542,795**	104,921,048
Icon Residences Tower 1	**10,761,400**	10,761,400
	P2,796,038,954	2,278,002,662

The movements in accumulated unrealized holding gain in 2022 and 2021 are as follows:

	Note	**2022**	2021
Beginning balance		**P2,278,002,662**	P1,667,828,770
Increase	*19*	**518,036,292**	610,173,892
Total		**P2,796,038,954**	P2,278,002,662

An independent valuation of the Company's investment properties was performed by qualified appraisers as of December 14, 2022, December 15, 2022 and December 22,2022 to determine their fair values. The external independent appraiser used sales comparison approach in arriving at the value of the properties. In this approach, the values of the properties were determined based on sales and listings of comparable properties. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity or at a different floor level of the same building. Comparison would be premised on factors such as location, size and physical attributes, selling terms, facilities offered and time element.

Rental income recognized from the investment properties amounted to P56,343,600 in 2022, P55,049,665 in 2021 and P69,119,550 in 2020. Real property taxes attributable to the investment properties amounted to P7,870,171 in 2022, P8,327,454 in 2021 and P22,124,552 in 2020 are included as part of taxes and licenses in cost of services. Condominium dues attributable to the investment properties amounted to P8,395,079 in 2022, P9,823,728 in 2021 and P10,127,213 in 2020 are included also in cost of services.

Certain investment properties are mortgaged as collateral to loans (see Note 15).

12. Property and Equipment

The details of the carrying amounts of property and equipment, the gross carrying amounts, and accumulated depreciation and amortization of property and equipment are shown below:

	For the Years Ended December 31, 2022 and 2021			
	Building and Building Improvements	Office Furniture, Fixtures and Equipment	Transportation and Other Equipment	Total
Cost				
January 1, 2021	P82,678,580	P28,011,098	P52,863,571	P163,553,249
Additions	5,500,000	627,465	67,835	6,195,300
Disposals	-	(288,482)	(2,419,603)	(2,708,085)
December 31, 2021	88,178,580	28,350,081	50,511,803	167,040,464
Additions	-	1,545,778	-	1,545,778
Disposals	-	(244,955)	-	(244,955)
December 31, 2022	**P88,178,580**	**P29,650,904**	**P50,511,803**	**P168,341,287**
Accumulated Depreciation and Amortization				
January 1, 2021	P23,089,224	P25,666,483	P37,345,103	P86,100,810
Provision	3,402,418	1,265,480	7,150,387	11,818,285
Disposals	-	(288,483)	(1,308,915)	(1,597,398)
December 31, 2021	26,491,642	26,643,480	43,186,575	96,321,697
Provision	6,391,578	1,296,997	4,649,675	12,338,250
Disposals	-	(244,955)	-	(244,955)
December 31, 2022	**32,883,220**	**27,695,522**	**47,836,250**	**108,414,992**
Carrying Amount December 31, 2021	P61,686,938	P1,706,601	P7,325,228	P70,718,767
Carrying Amount December 31, 2022	**P55,295,360**	**P1,955,382**	**P2,675,553**	**P59,926,295**

Certain transportation equipment of the Company with total carrying value of P2.27 million and P8.85 million as at December 31, 2022 and 2021, respectively, are pledged as security under chattel mortgage (see Note 15).

13. Leases

A. Rights-of -use assets

The Company leases two parcels of land located at 5th Avenue corner 24th Street and 5th avenue corner 25th Street, Bonifacio Global City, Taguig City. These contracts have a term of fifteen (15) years, renewable for another ten years upon submission of a written notice to renew at least ninety days prior to the expiration of the original term, with terms and conditions mutually agreed by both parties.

The Company also leases a Unit 10A in Icon Plaza located 26th Street, Bonifacio Global City, Taguig City. The contract has a term of five (5) years and is renewable upon mutual agreement of both parties.
The carrying amount of right-of-use assets as at December 31, 2022 and 2021 is shown below.

	2022	2021
Right-of-use assets	**P132,987,647**	P114,508,603
Accumulated depreciation	**(35,573,046)**	(25,076,776)
	P97,414,601	P89,431,827

Amounts recognized in profit or loss:

	Note	**2022**	2021
Depreciation expense	*20,21*	**P10,496,270**	P9,622,488
Interest expense		**8,824,235**	10,506,780

B. Investments in finance lease

The Company entered into a sublease contract relating to one of the parcels of land being leased in BGC as discussed above. This agreement was assessed by the management to be of a finance lease. This agreement is renewable at the end of the lease term of initially fifteen (15) years upon mutual consent of the parties.

Amounts receivable under finance lease	**2022**	2021
Year 1	**P23,672,896**	P23,284,800
Year 2	**24,449,088**	23,672,896
Year 3	**24,856,576**	24,449,088
Year 4	**25,671,552**	24,856,576
Year 5	**26,099,392**	25,671,552
Onwards	**131,248,896**	157,348,288
Undiscounted lease payments	**255,998,400**	279,283,200
Present value of minimum lease payments receivable	**P201,677,275**	P214,732,527
Less: current portion	**14,099,824**	13,055,174
Investment in finance lease – net of current portion	**P187,577,451**	P201,677,353

Amounts recognized in profit or loss:

	Note	**2022**	2021
Interest income	*18*	**P10,299,536**	P11,816,719
Loss on sublease	*22*	**-**	2,769,442

In 2021, the incremental borrowing rate used to calculate the present value of lease payments was adjusted. The effects of the change in rates were applied prospectively.

C. Lease liabilities

A maturity analysis of lease liabilities under both lessee and lessor based on the total cash flows is reported in the table below:

	2022		2021	
	Undiscounted	**Discounted**	Undiscounted	Discounted
Right-of-use assets				
Less than 1 year	**P11,812,050**	**P7,726,363**	P11,781,000	P7,341,175
More than 1 year	**98,056,703**	**79,981,943**	109,868,753	87,708,307
	109,868,753	**87,708,306**	121,649,753	95,049,482
Finance lease				
Less than 1 year	**11,160,000**	**7,115,095**	11,160,000	6,775,589
More than 1 year	**96,720,000**	**78,679,760**	107,880,000	85,794,855
	107,880,000	**85,794,855**	119,040,000	92,570,444
	P217,748,753	**P173,503,161**	P240,689,753	P187,619,926

D. Short-term operating lease

The Company entered into short-term operating lease agreements including condominium units, office spaces and food plaza spaces. The lease contracts between the Company and its lessees have a term of one year which are renewable annually.

Total rental income earned in 2022, 2021 and 2020 amounted to P56.34 million, P55.05 million and P69.12 million, respectively.

Deferred rental income classified under other non-current liabilities amounting to P40 million and P41 million as of December 31, 2022 and 2021, respectively, pertains to advance rent received from lessees to be applied on the last three (3) months of the lease contract.

Refundable deposits on these lease agreements amounted to P17,242,595 and P17,526,595 in 2022 and 2021, respectively, and are included as part of trade and other payables (see Note 14).

14. Trade and Other Payables

This account consists of:

	Note	**2022**	2021
Non-trade payables		**P38,239,577**	P53,105,832
Customers' deposits		**22,485,042**	42,087,043
Retention fee payable		**21,682,353**	40,072,890
Accrued expenses		**58,996,600**	35,261,481
Refundable deposits	*13*	**17,242,595**	17,526,595
Trade payables		**4,101,347**	2,558,260
Due to government agencies		**7,715,875**	1,907,092
		170,463,389	192,519,193
Less: non-current portion		**84,809,964**	71,803,218
Trade and other payables- current portion		**P85,653,425**	P120,715,975

Non-trade payables consist of transfer fees and retention commission payable.

Customers' deposits consist of down payments representing less than 25% of the contract price of the condominium units sold which are deductible from the total contract price.

Retention fee payable pertains to retention fees withheld from the contractors of ongoing projects.

Accrued expenses consist of accrual for costs on outside services, insurance, supplies, tax and other legal expenses.

Due to government agencies consist mainly of payable to the Bureau of Internal Revenue, SSS, HDMF and PhilHealth.

15. Loans Payable

The movements in the loans payable are summarized as follows:

	2022	2021
Balance at beginning of year	**P810,600,803**	P1,030,593,284
Availments of loan	**1,013,706,633**	796,260,165
Payments of principal	**(930,940,131)**	(1,016,252,646)
Balance at end of year	**P893,367,305**	P810,600,803

This account is composed of the following:

	2022	2021
Payable within one year:		
Philippine National Bank	**P250,000,000**	P200,000,000
Philippine Bank of Communications	**413,706,633**	175,495,279
Union Bank of the Philippines	**1,583,107**	3,492,417
RCBC Savings Bank	**536,450**	2,147,122
	665,826,190	381,134,818
Payable after one year:		
Philippine Bank of Communications	**226,260,165**	426,260,165
Union Bank of the Philippines	**706,599**	2,046,478
RCBC Savings Bank	**574,351**	1,159,342
	227,541,115	429,465,985
	P893,367,305	P810,600,803

<u>Philippine National Bank (PNB)</u>
In 2021, the Company availed of working capital loans from Philippine National Bank with a total principal amount of P480 million which has been fully paid in 2022. The Company availed new loans in 2022 with total principal amount of P650 million. These loans bear an interest ranging from 4.50% to 6.00% annually and payable within three (3) months subject to extension upon lapse of the maturity date. Interest rates will then be re-evaluated to conform with the current period's rate. These loans are secured by the certain real estate inventories with the carrying amount of P135.4 million (see Note 7).

Philippine Bank of Communications (PBCom)
In 2017, the Company entered into a long-term credit facility agreement with PBCom. PBCom approved a P500 million Term Loan under which the Company drew down P500 million in September 2017. These loans are payable within five (5) years from the date of drawdown. These loans bear 6% interest rate and are payable quarterly in arrears and secured by certain inventories mortgaged in favor of PBCom with the total carrying amount of nil and P122.60 million as of December 31, 2022 and 2021. The collaterals securing the Term Loan availed in 2017 were already released as at December 31, 2022 as the said Term Loan was already fully paid as at December 31, 2022.

In 2019, the Company entered into a long-term credit facility agreement with PBCom. PBCom approved a Term Loan under which the Company drew down P500 million during 2019. These loans are payable within six (6) years from the date of drawdown. These loans bear 8.5% interest rate and are payable quarterly in arrears and secured by certain investment properties mortgaged in favor of PBCom with the total carrying amount of P390.4 million and P592.5 million as of December 31, 2022 and 2021.

In 2020, PBCom approved a Loan Line amounting to P300 million available for drawings up to 180-day promissory notes (PNs). These loans bear 4.5% to 5.5% interest rate payable at maturity of the PNs. The principal payment is on the maturity date of the PNs.

In 2021, PBCOM approved a Contract to Sell Financing line amounting to P300 million available for drawings. The Company drew down P114 million and P76 million in 2022 and 2021, respectively. These loans bear 7.0% to 7.5% interest rate payable at maturity of the deed of undertaking and secured by certain receivables assigned in favor of PBCom amounting to P190 million and P76 million as at December 31, 2022 and 2021, respectively (see Note 6).

Union Bank of the Philippines (UBP)
In July 2016, the Company availed car loans from Union Bank which bears 9.11% interest and is payable in installment within sixty (60) months. These loans are secured by certain transportation equipment of the Company (see Note 12).

RCBC Savings Bank (RCBC)
In July 2017, the Company availed a car loan from RCBC Savings Bank which bears 8.72% interest and is payable in installment within sixty (60) months. These loans are secured by certain transportation equipment of the Company (see Note 12).

Interest on loans payable charged to profit or loss amounted to P54,819,311, P60,124,456 and P24,864,954 in 2022, 2021 and 2020, respectively. Interest on loans payable capitalized amounted to nil and P348,502 in 2022 and 2021, respectively. The capitalization rates are nil and 4.75% in 2022 and 2021, respectively.

16. Related Party Transactions

In the normal course of business, the Company entered into various transactions with related parties. Transactions with related parties follow:

As at and for the year ended December 31, 2022	**Transactions**	**Outstanding balance**	**Terms and conditions**
Trade receivables			Sales of condominium units to related parties are based on the effective price list and terms that would be available to third parties. The receivables are secured with related units until full payment.
Parent Company			
Greenhills Properties, Inc.			
Sale of parking space	**P -**		
Collections during the year	**-**	**P51,892,140**	
Purchase of services			Purchase of services is negotiated with related parties on a cost-plus basis and is due 30 days after the end of the month. These payables are unsecured and bear no interest and settled in cash.
Subsidiary			
Tektite Insurance Brokers, Inc.			
Purchase of services	**P 6,959,695**		
Payments during the year	**6,941,894**	**P17,801**	
Advances			Advances to subsidiaries and associates are unsecured, non-interest bearing and to be settled in cash (see Note 6).
Alexandra (USA), Inc., Associate	**P -**	**P132,417,765**	
Sultan's Power, Inc., Subsidiary	**(4,039,190)**	**76,261,884**	
Universal Travel Corporation, Subsidiary	**113,658**	**30,103,309**	
PRHC Property Managers, Inc., Subsidiary	**924,609**	**14,284,540**	
Tektite Insurance Brokers, Inc.	**6,177,176**	**6,177,176**	
Le Cheval Holdings, Inc., Associate	**-**	**122,248**	
Less: Allowance for impairment loss		**(237,135,099)**	
Balance, net		**P22,231,823**	
Key management personnel			
Short-term benefits	**P -**		
Salaries and other short-term employee benefits	**40,766,447**		
Termination benefits	**-**		
Provision for retirement benefits/PVO	**7,869,438**		

As at and for the year ended December 31, 2021	**Transactions**	**Outstanding balance**	**Terms and conditions**
Trade receivables			Sales of condominium units to related parties are based on the effective price list and terms that would be available to third parties. The receivables are secured with related units until full payment.
Principal Shareholder			
Greenhills Properties, Inc.			
Collections during the year	P1,300,000		
Gain on repossession of asset	(1,300,000)		
Sale of parking space	-	P51,892,140	

forward

As at and for the year ended December 31, 2021	**Transactions**	**Outstanding balance**	**Terms and conditions**

Purchase of services			Purchase of services is negotiated with related parties on a cost-plus basis and is due 30 days after the end of the month. These payables are unsecured and bear no interest and settled in cash.
Subsidiary			
Tektite Insurance Brokers, Inc.			
Purchase of services	P6,260,354		
Payments during the year	(6,260,354)	P -	
Advances			Advances to subsidiaries and associates are unsecured, non-interest bearing and to be settled in cash (see Note 6).
Alexandra (USA), Inc., Associate	P -	P132,417,765	
Sultan's Power, Inc., Subsidiary	3,891,544	80,301,074	
Universal Travel Corporation, Subsidiary	92,243	29,989,651	
PRHC Property Managers, Inc., Subsidiary	4,137,628	13,359,931	
Le Cheval Holdings, Inc., Associate	-	122,248	
Meridian Assurance Corporation, Associate	16	-	
Less: Allowance for impairment loss	-	(237,135,099)	
Balance, net		P19,055,570	
Key management personnel			Key management includes directors (executive and non-executive) and executive officers. Short-term benefits are payable monthly and termination benefits are payable upon retirement.
Short-term benefits			
Salaries and other short-term employee benefits	P41,515,747	P -	
Termination benefits			
Provision for retirement benefits/PVO	7,297,122	-	

Purchase of services
The Company has an existing agreement with PPMI, a subsidiary, for the latter to manage its real estate properties. In consideration thereof, the Company pays PPMI a fee as stipulated in the management agreement.

In the normal course of business, the Company purchases insurance policies through TIBI.

Advances to related parties
The Company's substantial receivables from AUI, an associate, which is intended to fund the latter's working capital requirement, represents non-interest-bearing advances with no fixed term with the option to convert to equity in case of increase in capital. Advances contributed by AUI's stockholders were in accordance with the percentage of ownership of the stockholders in AUI. With the imminent liquidation of AUI, the receivables have been fully provided with an allowance since 2011.

17. Retirement Benefit Plan

The Company operates a funded, non-contributory defined benefit retirement plan covering substantially all of its regular employees. The plan is administered by a local bank as trustee and provides for a lump-sum benefit payment upon retirement. The benefits are based on the employees' monthly salary at retirement date multiplied by years of credited service. No other post-retirement benefits are provided.

Through its defined benefit retirement plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

- *Asset volatility* - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.

- *Inflation risk* - Some of the Company's retirement obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out by an independent actuary on February 28, 2023 for the year ended December 31, 2022. The present value of the defined benefit obligation, and the related current service cost were measured using the Projected Unit Credit Method.

The reconciliation of the present value of the defined benefit obligation (PVO) and the fair value of the plan assets to the recognized liability presented as retirement benefit obligation in the separate statements of financial position is as follows:

	2022	2021
Present value of defined benefit obligation	**P71,448,524**	P72,724,438
Fair value of plan assets	**(20,962,472)**	(20,641,350)
Recognized liability	**P50,486,052**	P52,083,088

The movements in the present value of defined benefit obligation are shown below:

	2022	2021
Liability at beginning of year	**P72,724,438**	P72,759,440
Current service cost	**10,137,501**	9,553,675
Interest cost	**3,658,039**	2,881,274
Remeasurement losses (gains)		
Changes in financial assumptions	**(15,187,787)**	(8,696,262)
Experience adjustments	**116,333**	(3,773,689)
Liability at end of year	**P71,448,524**	P72,724,438

The movements in the plan assets are shown below:

	2022	2021
Fair value of plan assets at beginning of year	**P20,641,350**	P20,641,761
Interest income	**1,038,260**	817,414
Remeasurement loss		
Return on plan assets, excluding amounts included in interest income	**(717,138)**	(817,825)
Fair value of plan assets at end of year	**P20,962,472**	P20,641,350

The main categories of plan assets as at December 31, 2022 and 2021 are as follows:

	2022	2021
Cash and cash equivalents	**P18,602,751**	P18,332,240
Equity instruments	**2,325,330**	2,329,520
Accrued interest	**58,134**	3,081
Liabilities	**(23,743)**	(23,491)
	P20,962,472	P20,641,350

The retirement expense recognized in profit or loss consists of:

	2022	2021	2020
Current service cost	**P10,137,501**	P9,553,675	P9,244,417
Net interest on defined benefit liability	**2,619,779**	2,063,860	1,213,757
	P12,757,280	P11,617,535	P10,458,174

The retirement expense is recognized as part of employees' benefits under operating expenses in the separate statements of total comprehensive income (see Note 21).

The principal assumptions used to determine retirement benefits obligation of the Company are as follows:

	2022	2021
Discount rate	**7.22%**	5.03%
Future salary increase	**4.00%**	4.00%

Assumptions regarding future mortality and disability are set based on actuarial advice in accordance with published statistics and experience.

The sensitivity analysis of the defined benefit obligation is:

	Increase (decrease) in basis points	Effect on defined benefit obligation
Discount rate	1.00	(P5,294,5565)
	(1.00)	6,236,660
Future salary increase	1.00	6,380,168
	(1.00)	(5,494,008)

The above sensitivity analyses are based on changes in principal assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement liability recognized in the separate statements of financial position.

The BOD reviews the level of funding required for the retirement fund. This includes the asset-liability matching (ALM) strategy and investment risk management policy. The Company's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Company monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligation.

As of December 31, 2022, the weighted average duration of defined benefit obligation is 8.1 years (2021: 10.2 years).

18. Interest Income

This account consists of interest from:

	Note	**2022**	2021	2020
Sublease	*13*	**P10,229,536**	P11,816,719	P10,875,595
Penalty for late payments		**4,305,819**	4,127,556	-
Cash and cash equivalents	*3*	**484,006**	468,202	750,818
Trade receivables	*6*	**431,600**	619,736	2,016,397
Others		**463,022**	345,339	-
		P15,913,983	P17,377,552	P13,642,810

19. Other Income

This account consists of:

	Note	**2022**	2021	2020
Gain on change in fair value of investment properties -net	*11*	**P518,036,292**	P610,173,892	P279,602,907
Dividend income	*5*	**1,953,910**	-	-
Realized foreign exchange gain		**1,602,943**	893,918	-
Gain on repossession of real estate inventories		**1,498,643**	14,287,462	12,057,967
Unrealized foreign exchange gain		**349,498**	540,322	-
Gain on money market investment		**-**	34,652	-
Reversal of allowance for impairment losses on receivables		-	-	13,471,215
Miscellaneous		**7,240,775**	4,642,702	2,819,303
		P530,682,061	P630,572,948	P307,951,392

20. Cost of Services

This account consists of:

	Vote	**2022**	2021	2020
Condominium dues		**P8,395,079**	P9,823,728	P10,127,213
Depreciation expense	*13*	**8,763,860**	8,466,620	8,430,511
Taxes and licenses		**7,949,813**	8,595,591	23,006,412
Utilities		**4,804,628**	4,167,232	3,758,613
Outside services		**4,038,390**	4,063,409	3,745,552
Insurance and bond premiums		**2,052,286**	2,131,294	2,050,936
Commission		**1,630,729**	627,766	357,785
Repairs and maintenance		**625,108**	914,262	774,943
Rent		**59,466**	35,700	-
Management and consultant fees		**-**	38,000	-
Communication		**-**	8,954	25,629
Supplies and materials		**-**	-	258,385
Others		**723,752**	1,072,646	1,479,286
		P39,043,111	P39,945,202	P54,015,265

Others include various expenses that are individually insignificant.

21. General and Administrative Expenses

This account consists of:

	Note	**2022**	2021	2020
Salaries and wages		**P68,356,662**	P65,792,899	P81,067,704
Taxes and licenses		**63,261,455**	44,242,019	49,542,945
Marketing expenses		**33,285,461**	40,531,274	47,599,104
Transportation and travel		**32,464,232**	13,451,126	14,456,635
Impairment loss on trade and other receivables	*6*	**25,000,000**	22,779,538	4,709,039
Professional fees		**20,172,443**	20,632,009	20,304,935
Provision for retirement benefits	*17*	**12,757,280**	11,617,535	10,458,174
Depreciation and amortization				
Property and equipment	*12*	**12,338,250**	11,818,285	13,457,052
ROU asset	*13*	**1,732,410**	1,155,868	1,264,984
Insurance and bond premiums		**5,857,452**	10,714,569	3,606,378
SSS, Pag-ibig, Medicare and other short-term benefits		**5,663,244**	5,528,706	4,943,382
Condominium dues		**5,351,072**	6,269,135	4,694,465
Repairs and maintenance		**5,255,760**	5,623,465	7,220,622
Outside services		**4,870,604**	4,884,235	4,245,576
Postage and communication		**2,361,606**	2,272,808	1,954,501
Utilities		**1,561,943**	1,647,175	2,793,653
Impairment loss on investment in subsidiaries		**1,000,000**	-	-
Representation and entertainment		**385,899**	748,135	609,695
Corporate social responsibility expenses		**-**	-	100,000
Miscellaneous		**9,646,791**	10,680,615	2,573,235
		P311,322,564	P280,389,396	P275,602,079

22. Other Expenses

This account consists of:

	Note	**2022**	2021	2020
Bank charges		**P144,637**	P48,161	P447,417
Loss on money market investment		**85,414**	-	29,041
Loss on cancellation of sale of investment property	*11*	**-**	87,996,422	-
Loss on sublease	*13*	-	2,769,442	-
Loss on sale of property and equipment		**-**	38,793	-
Unrealized foreign exchange loss		**-**	-	1,183,942
		P230,051	P90,852,818	P1,660,400

23. Income Taxes

Components of income tax expense are as follows:

	2022	2021	2020
Current	**P1,625,890**	P140,163	P2,726,162
Deferred	**123,997,563**	58,086,436	78,687,186
	P125,623,453	P58,226,599	P81,413,348

The reconciliation of the provision for income tax expense computed at the statutory rate to the provision shown in the separate statements of total comprehensive income is as follows:

	2022	2021	2020
Accounting income before tax	**P307,402,501**	P261,829,029	P125,913,331
Income tax expense using statutory tax rate	**P76,850,625**	P65,457,257	P37,773,999
Additions to (reductions in) income tax resulting from the tax effects of:			
Movement on unrecognized deferred tax assets	**32,019,980**	64,506,695	33,871,681
Nondeductible expenses	**17,332,078**	14,157,734	9,900,000
Limit on interest expense	**30,250**	29,263	92,914
Dividend income	**(488,478)**	**-**	-
Interest income subjected to final tax	**(121,002)**	(117,051)	(225,246)
Book and tax difference in income tax expense due to CREATE	**-**	(681,541)	-
Changes in deferred tax assets and liabilities due to reduction in income tax rates under CREATE	**-**	(85,125,758)	-
	P125,623,453	P58,226,599	P81,413,348

Impact of the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)
On March 26, 2021, the President signed into law the "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE", which seeks to reduce the corporate income tax rates and to rationalize the current fiscal incentives by making it time-bound, targeted, and performance-based.

The following are certain provisions of the law that had an impact on the Company's financial statements.

- Reduced RCIT rate effective July 1, 2020 of 25%
- Reduced MCIT rate of 1% effective July 1, 2020 until June 30, 2023

As mentioned above, the reduction in income tax under CREATE took effect on July 1, 2020. However, Philippine Interpretations Committee issued Questions and Answers No. 2020-07, in which it stated that the CREATE Law is considered to be not substantively enacted as of December 31, 2020; accordingly, the current and deferred taxes for financial reporting purposes as of December 31, 2020 are measured using the regular income tax rate in effect as of December 31, 2020, which is 30%. The difference was reflected as adjustment to the current income tax for the year ended December 31, 2021 in accordance with PAS 12, Income Taxes.

In addition, the effect of the reduction in the income tax rates under CREATE on deferred tax liabilities - net as at December 31, 2020 amounted to P83,182,728 and is shown in the consolidated statements of total comprehensive income as reduction of income tax expense.

Presented below are the effects of the changes in tax rates under the CREATE Act.

	As at December 31, 2020	**Amounts Based on the Reduced Tax Rates**	**Effect of Changes in Tax Rates**
Statements of Total Comprehensive Income			
Current tax expense	P3,628,882	P2,789,385	(P839,497)
Deferred tax expense (benefit)	79,126,494	(4,056,234)	(83,182,728)
Net income for the year	53,501,849	137,524,073	84,022,225
Remeasurement loss on retirement benefit obligation, net of tax	(8,389,664)	(8,988,926)	(599,262)
Statements of Financial Position			
Deferred tax assets	34,803,089	28,031,058	(6,772,031)
Deferred tax liabilities	539,728,555	449,773,796	(89,954,759)
Prepaid taxes	151,916,085	152,755,582	839,497
Retained earnings	1,187,806,065	1,271,828,290	84,022,225
Remeasurement loss on retirement benefit obligation	(48,938,995)	(49,538,257)	(599,262)

Deferred income tax assets (liabilities) recognized by the Company consists of:

	2022		2021	
	Tax Base	**Deferred Tax**	Tax Base	Deferred Tax
Deferred Tax Assets				
Retirement benefit obligation	**P50,486,052**	**P12,621,513**	P52,083,088	P13,020,772
Deferred rent income	**40,425,410**	**10,106,353**	40,970,220	10,242,555
Rent expense derecognized due to PFRS 16	**8,134,602**	**2,033,650**	6,711,918	1,677,980
	99,046,064	**24,761,516**	99,765,226	24,941,307
Deferred Tax Liabilities				
Gain on change in fair value of investment properties	**(2,796,038,953)**	**(699,009,737)**	(2,278,002,661)	(569,500,664)
Gain on sublease	**(91,405,050)**	**(22,851,262)**	(99,625,124)	(24,906,281)
Unrealized gain on repossession of real estate inventories	**(9,244,982)**	**(2,311,246)**	(9,244,982)	(2,311,245)
Accrued rent receivable	**(1,765,295)**	**(441,324)**	(1,765,295)	(441,323)
Unrealized foreign exchange gain	**(349,498)**	**(87,375)**	(540,322)	(135,080)
	(2,898,803,778)	**(724,700,944)**	(2,389,178,384)	(597,294,593)
	(P2,799,757,714)	**(P699,939,428)**	(P2,289,413,158)	(P572,353,286)

The Company's unrecognized deferred tax assets pertain to the following:

	2022		2021	
	Tax Base	**Deferred Tax**	Tax Base	Deferred Tax
Net operating loss carry-over (NOLCO)	**P463,814,777**	**P115,953,694**	P368,238,417	P92,059,604
Allowance for impairment loss on trade and other receivables	**376,977,408**	**94,244,352**	350,977,408	87,744,352
Allowance for impairment loss on investments in subsidiaries and associates	**19,918,196**	**4,979,549**	19,918,196	4,979,549
MCIT	**5,173,756**	**5,173,756**	3,547,865	3,547,865
Total	**P865,884,137**	**P220,351,351**	P742,681,886	P188,331,370

Deferred tax assets have not been recognized by management in respect of the above items.

The Company has NOLCO which can be claimed as deduction from future taxable income as follows:

Year incurred	Amount incurred	Amount applied	Amount expired	Remaining balance	Valid until
2022	P95,576,356	P -	P -	P95,576,356	2025
2021	255,596,842	-	-	255,596,842	2026
2020	112,641,575	-	-	112,641,575	2025
	P463,814,773	P -	P -	P463,814,773	

In accordance with the Revenue Regulations No. 25-2020 Section 4 issued on September 30, 2020, the business or enterprise which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Details of the Company's MCIT which can be claimed as deduction against future taxable income is as follows:

Year incurred	Amount incurred	Amount applied	Amount expired	Remaining balance	Valid until
2022	P1,625,890	P -	P -	P1,625,890	2025
2021	821,704	-	-	821,704	2024
2020	2,044,621	-	-	2,044,621	2023
	P4,492,215	P -	P -	P4,492,215	

24. Capital and Treasury Stock

Movements in the Company's capital stock are as follows:

	Note	**2022**	2021	2020
Authorized				
16,000,000,000 common shares at P0.50 par value		**P8,000,000,000**	P8,000,000,000	P8,000,000,000
Issued and outstanding				
7,866,647,523 shares in 2022 and 2021				
3,688,869,745 shares in 2020		**3,933,323,762**	3,933,323,762	1,844,434,873
Subscribed				
1,314,711,262 shares		**657,355,632**	657,355,632	657,355,632
Subscriptions receivable		**(157,467,723)**	(157,490,223)	(157,564,260)
		499,887,909	499,865,409	499,791,372
Total Capital Stock		**P4,433,211,671**	P4,433,189,171	P2,344,226,245

On July 23, 2018, the Stockholders approved the amendment of Article VII of the Company's Articles of Incorporation increasing the Company's authorized capital stock from 8,000,000,000 common shares with a par value of P0.50 per share to 16,000,000,000 common shares with a par value of P0.50 per share. The Company's application with the SEC for the increase in authorized capital was approved on May 14, 2019.

From the increased capital stock, on June 22, 2021, the Company issued 4,177,777,778 new common shares valued at P0.54 per share based on 120-day Volume Weighted Average Price for the period October 6, 2017 to April 6, 2028, in favor of Greenhills Properties, Inc. (GPI) in exchange for two (2) vacant lots in Bonifacio Global City (see Note 1). The Company obtained a Valuation and Fairness Opinion Report from a PSE-Accredited Firm on the property-for-share swap transaction for the reason that the parties to the said transaction are related parties. The above-described transaction resulted in Additional Paid-in Capital of P167,111,111 before deducting transaction costs of P100,985,622 or a net equivalent of P66,125,489. Transaction costs include SEC filing fees, legal and other professional fees, documentary stamps tax on primary issue of common stocks, transfer taxes and registration fees.

Details of the Company's treasury stock are as follows:

	2022	2021	2020
Treasury Stock			
81,256,100 common shares with average cost of P1.35 per share	**P109,712,439**	P109,712,439	P109,712,439

25. Reserves

This account consists of:

	Note	2022	2021	2020
Revaluation on FVOCI				
Balance at beginning of year	*5*	**(P24,038,272)**	(P20,672,288)	(P25,988,878)
Movements during the year	*5*	**(1,568,430)**	(3,365,984)	5,316,590
Balance at end of year	*5*	**(25,606,702)**	(24,038,272)	(20,672,288)
Remeasurement gain (loss) on retirement benefit obligation				
Balance at beginning of year		**(P40,799,162)**	(P48,938,995)	(P40,549,331)
Actuarial gain (loss) during the year – gross		**14,354,316**	11,652,126	(11,985,234)
Tax effect		**(3,588,579)**	(3,512,293)	3,595,570
Balance at end of year	*17*	**(30,033,425)**	(40,799,162)	(48,938,995)
Appropriated retained earnings		**109,712,439**	109,712,439	109,712,439
		P54,072,312	P44,875,005	P40,101,156

The Company's retained earnings amounting to P109,712,439 is appropriated to cover the cost of the treasury shares.

26. Basic Earnings Per Share

	2022	2021	2020
Net income	**P181,779,049**	P203,602,430	P44,499,983
Weighted average no. of common shares - issued and outstanding	**9,100,102,685**	9,100,102,685	4,922,324,907
Basic earnings per share	**P0.02**	P0.02	P0.01

The weighted average number of common shares issued and outstanding was computed as follows:

	Note	2022	2021	2020
Issued and outstanding	*24*	**7,866,647,523**	7,866,647,523	3,688,869,745
Subscribed shares	*24*	**1,314,711,262**	1,314,711,262	1,314,711,262
Treasury shares	*24*	**(81,256,100)**	(81,256,100)	(81,256,100)
Average number of shares		**9,100,102,685**	9,100,102,685	4,922,324,907

The Company has no potential dilutive shares as at December 31, 2022, 2021 and 2020.

27. Provisions and Contingencies

The Company is also a party to legal claims that arise in the ordinary course of business, the outcome of which is not presently determinable. The Company and its legal counsel, however, believe that final settlement, if any, will not be material to the Company's financial results.

28. Significant Accounting Policies

Adoption of New and Revised Standards, Amendments to Standards and Interpretations
The accounting policies adopted in the preparation of the financial statements are consistent with those of the Company's financial statements for the year ended December 31, 2021 except for the adoption of the following new standards and amended PFRS which became effective beginning January 1, 2022. Unless otherwise indicated, none of these had a significant effect on the financial statements**.**

- Amendments to PFRS 3, *Reference to the Conceptual Framework* refer to amendments to PFRS 2, 3, 6 and 14, PAS 34, 37 and 38, IFRIC 12, 19, 20 and 22, and SIC-32 to update references to and quotes from the framework so that they refer to the revise Conceptual Framework.

- Amendments to PAS 16, *Property, Plant and Equipment – Proceeds before Intended Use* prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract* specify that the "cost of fulfilling" a contract comprises the "costs that relate directly to the contract". Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

- Annual Improvements to PFRS Standards 2018-2020

    - PFRS 9, *Financial Instruments* clarifies which fees an entity includes when it applies the '10 percent' test in paragraph B3.3.6 of PFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

    - PFRS 16, *Leases* amends Illustrative Example 13 accompanying PFRS 16 which removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

New and Amended Standards and Interpretation Not Yet Adopted
A number of new and amended standards and interpretations are effective for annual periods beginning after January 1, 2022 and have not been applied in preparing the financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the financial statements. The Company will adopt the following new and amended standards and interpretations on the respective effective dates:

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

    - clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;

- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and

- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for annual periods beginning on January 1, 2023.

- Amendments to PAS 8, *Definition of Accounting Estimates* focus entirely on accounting estimates and clarify the following:

  - The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

  - Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

  - A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

  - A change in an accounting estimate may affect only the current period’s profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

  The amendments are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* amends the following:

  - An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;

  - several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;

  - the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;

  - the amendments clarify that accounting policy information is material if users of an entity’s financial statements would need it to understand other material information in the financial statements;

  - the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information; and

- adds guidance and examples to explain and demonstrate the application of the "four-step materiality process" to accounting policy information in order to support the amendments to PAS 1.

The amendments are applied prospectively. The amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. Once the entity applies the amendments to PAS 1, it is also permitted to apply the amendments to PFRS Practice Statement 2.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities from a Single Transaction* include an exemption from the initial recognition exemption provided in PAS 12.15(b) and PAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

The accounting policies set out below have been applied consistently to all periods presented in the separate financial statements.

<u>Financial Assets and Financial Liabilities</u>

Financial Assets

Initial recognition and Measurement
The Company recognizes a financial asset in the separate statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.
Financial assets are recognized initially at fair value of the consideration given. The initial measurement of financial assets, except for those designated as at FVPL, includes transaction costs.

Classification
The Company classifies its financial assets, at initial recognition, in the following categories: financial assets at amortized cost, financial assets at FVOCI and financial assets at FVPL. The classification depends on the business model of the Company for managing the financial assets and the contractual cash flow characteristics of the financial assets.

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

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

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

After initial measurement, the financial assets are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition, and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are reclassified to FVPL, impaired or derecognized, as well as through the amortization process.

The Company's cash and cash equivalents, trade and other receivables and refundable deposits are included under this category.

Financial Assets at FVOCI (equity instruments). Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the separate statement of total comprehensive income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company's financial assets at fair value through OCI include investments in quoted and unquoted equity instruments and proprietary club shares.

Financial Assets at FVPL. Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the separate statements of financial position at fair value with net changes in fair value recognized in profit or loss.

The Company's investments in equity instruments at FVPL are classified under this category.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

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

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

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

Impairment
The Company 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 Company 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.

For trade receivables on sale of real estate, the Company applies a general approach in calculating ECLs. Under the general approach, ECLs are recognized in three (3) stages as follows:

- Stage 1: For credit exposures for which there has not been a significant increase in credit risk since initial recognition and there is no default that occurred, a 12-month ECL is provided for credit losses that result from default events that are possible within the next 12 months.
- Stage 2: For credit exposures for which there has been a significant increase in credit risk since initial recognition and there is still no default that occurred, a loss allowance equivalent to lifetime ECL is required for credit losses expected over the remaining life of the exposure.
- Stage 3: For credit exposures for which there has been a significant increase in credit risk since initial recognition and for which an actual default has also occurred, a loss allowance equivalent to lifetime ECL is required for credit losses expected over the remaining life of the exposure.

The key inputs in the model include the Company's definition of default and historical data of two (2) significant projects with an average of five (5) years for the origination, maturity date and default date. The Company considers trade receivables on sale of real estate in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Company considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12- months ECL.

For cash and cash equivalents, the Company 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. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from publicly available sources to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

For trade receivables on lease and other financial assets such as accrued receivable, receivable from related parties and advances to other companies, impairment provisions would be based on the assumption that the receivable is demanded at the reporting date and it would reflect the losses (if any) that would result from this. Since the receivables are collectible on demand, the contractual period is the very short period needed to transfer the cash once demanded. Discounting would have immaterial effect in the balances.

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 Company's financial liabilities include trade and other payables, finance lease liability and loans payable.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss 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 costs in the statement of total comprehensive income.

This category generally applies to short term and long term debt.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of total comprehensive income.

<u>Determination of Fair Value</u>
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

Classification of Financial Instruments between Liability and Equity
Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:
- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the separate statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Prepayments
Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to income as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the separate statements of financial position as current asset when the cost of goods or services related to the prepayment are expected to be incurred within one (1) year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Investments in Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Company has control. The Company has control as an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Investment in shares of stock of subsidiaries is accounted for using the cost method in the separate financial statements. Under this method, investments are recognized at cost and income from investment is recognized in profit or loss only to the extent that the investor receives distribution from accumulated profits of the investee arising after the acquisition date. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

Investments in Associates
An associate is an entity over which the Company is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

In the separate financial statements of the Company, investment in shares of stock of associates is accounted for using the cost method. The reporting dates of the investee companies and the Company are identical and the investee companies' accounting policies conform to those used by the Company for like transactions and events in similar circumstances. Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

Real Estate Inventories
Property acquired or being developed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value.
Cost includes amounts paid to contractors for construction, borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

Net realizable value (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 to sell.

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 based on the relative size of the property sold.

The provision account, if any, is reviewed on a monthly basis to reflect the reasonable valuation of the Company's inventories. Inventory items identified to be no longer recoverable is written-off and charged as expense for the period.

Real estate held for development is measured at lower of cost and NRV. Expenditures for development and improvements of land are capitalized as part of the cost of the land. Directly identifiable borrowing costs are capitalized while the development and construction is in progress.

Property and Equipment

Property and equipment are initially measured at cost which consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use and are subsequently measured at cost less any accumulated depreciation, amortization and impairment losses, if any.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of years
Building	25
Building improvements	5 to 10
Office furniture, fixtures and equipment	3 to 10
Transportation and other equipment	5

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

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

Derecognition
An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time, the cost and their related accumulated depreciation are removed from the accounts. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

<u>Investment Properties</u>
Investment properties comprised completed property and property under development or re-development that are held to earn rentals or capital appreciation or both and that are not occupied by the Company. Investment property is initially measured at cost incurred in acquiring the asset and subsequently stated at fair value. Subsequent expenditures are measured at costs at the time the costs are incurred. Revaluations are made with sufficient regularity by external independent appraisers to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the period. The external independent appraiser uses sales comparison approach in arriving at the value of the properties. In this approach, the value of the properties is based on sales and listings of comparable properties. This is done by adjusting, the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity or at a different floor levels of the same building. Comparison would be premised on factors such as location, size and physical attributes, selling terms, facilities offered and time element.

A gain or loss arising from a change in the fair value of investment property is recognized in profit or loss for the period in which it arises.

A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. A transfer is made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

Derecognition
Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement, disposal or cancellation of sale of an investment property is recognized in the separate statements of total comprehensive income in the year of retirement or disposal.

Impairment of Non-financial Assets
At each reporting date, the Company assesses whether there is any indication that any of its non-financial assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of the non-financial asset is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized in profit or loss.

Equity
An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Distribution to the Company's shareholders is recognized as a liability in the Company's separate financial statements in the period in which the dividends are approved by the Company's Board of Directors.

Capital stock
Capital stock is classified as equity when there is no obligation to the transfer of cash or other assets. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Additional paid-in capital
Additional paid-in capital pertains to premium paid over the par value of shares.

Retained earnings
Retained earnings include all the accumulated income of the Company, dividends declared and share issuance costs. Retained earnings is net of amount offset from additional paid-in capital arising from the quasi-reorganization.

Treasury stock
The Company's equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the separate statements of total comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Employee Benefits

Short-term benefits
The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and non-monetary benefits.

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

The calculation of the defined benefit obligation (DBO) is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

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

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

Revenue Recognition

The Company primarily derives its real estate revenue from the sale of vertical real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 29.

The Company derives its real estate revenue from sale of 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 Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Company uses the output method. The Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date.

This is based on the monthly project accomplishment report prepared by the third-party surveyor as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

Revenue from sales of completed real estate projects is accounted for using the full accrual method.

Any excess of collections over the recognized receivables are included in the "Deposits and other current liabilities" account in the liabilities section of the separate statements of financial position.

If any of the criteria under the full accrual or percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the "Deposits and other current liabilities" account in the liabilities section of the separate statements of financial position.

Cancellation of real estate sales
The Company reverses the previously recognized revenue and related costs.

Interest income
Interest income is recognized as it accrues using the effective interest method.

Dividend income
Dividend income is recognized when the Company's right to receive the payment is established.

Cost Recognition
The Company recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Expense Recognition
Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss on the basis of: (i) a direct association between the costs incurred and the earning of specific items of income; (ii) systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify for recognition in the statements of separate financial position as an asset.

Expenses in the separate statements of total comprehensive income are presented using the function of expense method. General and administrative expenses are costs attributable to general, administrative and other business activities of the Company.

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 cost of the respective assets. All other borrowing costs are expensed in the period in which they were incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs are capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Leases

The Company as Lessee
The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.
Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the separate statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under PAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the separate statement of financial position.

The Company applies PAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy.

The Company as Lessor
The Company enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.
Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Company applies PFRS 15 to allocate the consideration under the contract to each component.

The Company as Sub-lessor
The Company is a sub-lessor (intermediate lessor) to one of its right-of-use assets.

An intermediate lessor classifies the sublease as a finance lease or an operating lease as follows:

- If the head lease is a short-term lease, the sublease is classified as an operating lease
- Otherwise, the sublease is classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. A lease is classified as a finance lease if it transfers substantially all the risks and rewards from the right-of-use asset resulting from the head lease; otherwise, it is classified as an operating lease.

For subleases classified as a finance lease, the intermediate lessor derecognizes the right-of-use asset relating to the head lease that is transfers to the sublessee and recognizes the net investment in the sublease; any difference between the right-of-use assets and the investment in the finance sublease is recognized in profit or loss. At the commencement date, net investment in the finance lease is measured at an amount equal to the present value of the lease payments for the underlying right-of-use assets during the lease term. The lessor recognizes finance income over the lease term, based on a pattern reflecting a constant period rate of return on the lessor’s net investment in the lease.

For subleases classified as operating lease, the intermediate lessor recognizes the lease income from operating leases on a straight-line basis over the lease term. The respective leased asset is included in the statement of financial position based on its nature.

<u>Foreign Currency Transactions and Translation</u>
Transactions in currencies other than Philippine peso are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are restated at the rates prevailing on the reporting date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

<u>Income Tax</u>
Income tax expense for the period comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted at the reporting date. Management periodically evaluates positions in income tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Company reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority and the same taxable entity.

<u>Uncertainty over Income Tax Treatments</u>
The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty is followed.

The Company considers whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing.

If the Company concludes that it is probable that a particular tax treatment is accepted, the Company determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.

If the Company concludes that it is not probable that a particular tax treatment is accepted, the Company uses the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

<u>Provisions and Contingencies</u>
Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and; when the amount of the obligation can be estimated reliably. When the Company expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.
The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.
Contingent liabilities are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the separate financial statements but are disclosed when an inflow of economic benefits is probable.

<u>Related Party Relationships and Transactions</u>
Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Earnings per Share

Basic earnings per share
The Company computes its basic earnings per share by dividing net profit attributable to common equity holders of the Company by the weighted average number of common shares issued and outstanding during the period.

Diluted earnings per share
Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares.

Events After the Reporting Date
The Company identifies events after the reporting date as events that occurred after the reporting date but before the date the separate financial statements were authorized for issue. Any subsequent event that provides additional information about the Company's financial position at the reporting date is reflected in the separate financial statements. Non-adjusting subsequent events are disclosed in the notes to the separate financial statements when material.

29. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the 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:

Critical Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the 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 discussed below.

Revenue and cost recognition on real estate projects
The Company's revenue recognition and cost policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Company's revenue from real estate and construction contracts is recognized based on the percentage of completion (POC) are measured principally on the basis of the estimated completion of a physical proportion of the contract work. Apart from involving significant estimates in determining the quantity of inputs such as materials, labor and equipment needed, the assessment process for the POC is complex and the estimated project development costs requires technical determination by management's specialists (project engineers).

Similarly, the commission is determined using the percentage of completion.

Provision for expected credit losses of trade receivables

The Company uses historical loss rates as input to assess credit risk characteristics. The Company determines the appropriate receivables groupings based on shared credit risk characteristics such as revenue type, collateral or type of customer. The historical loss rates are adjusted to reflect the expected future changes in the portfolio condition and performance based on economic conditions and indicators such as inflation and interest rates that are available as at the reporting date.

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Company's trade receivables is disclosed in Notes 6 and 31.

Evaluation of net realizable value of real estate inventories
The Company adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the assets. In determining the recoverability of the assets, management considers whether those assets are damaged or if their selling prices have declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Results of management's assessment disclosed that there is no need for provision for write-down of inventories as at December 31, 2022 and 2021.

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

Post-employment and other employee benefits
The present value of the retirement obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of retirement obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement obligation.

Other key assumptions for retirement obligations are based in part on current market conditions. Additional information is disclosed in Note 17.

Retirement obligation as at December 31, 2022 and 2021 amounted to P50,486,052 and P52,083,088, respectively.

Estimating fair value of investment property
The Company obtained the services of an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. An independent valuation of the Company's investment properties was performed by appraisers to determine their fair values. The valuation was determined by reference to sales and listing of comparable properties.

Recoverability of deferred tax assets
The Company reviews the carrying amounts at each reporting date and reduces deferred tax assets to the extent that it may not be probable that sufficient taxable profit will be available to allow all or part

of the deferred tax assets to be utilized. The Company considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the utilization of deferred tax asset.

Total unrecognized deferred tax assets amounted to P220.35 million and P188.33 million as at 2022 and 2021, respectively (see Note 23).

Critical Accounting Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the separate financial statements:

Existence of a contract
The Company's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, buyers' computation sheets and invoices, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Company before revenue recognition is to assess the probability that the Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer.

Collectability
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 with the 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.

Revenue recognition method and measure of progress
The Company concluded that revenue for real estate sales is to be recognized over time because: (a) the Company's performance does not create an asset with an alternative use and; (b) the Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Company'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. In addition, the Company requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Company. The Company considers that the initial and continuing investments by the buyer of about 25% would demonstrate the buyer's commitment to pay.

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

Distinction between investment properties and owner-occupied properties and real estate inventories and held for development

The Company determines whether a property qualifies as investment property. In making this judgment, the Company considers whether the property generates cash flows 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.

Some 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 at the 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 Company considers each property separately in making its judgment.

The Company determines that a property will also be classified as real estate inventory when it will be sold in the normal operating cycle or it will be treated as part of the Company's strategic land activities for development in the medium or long-term.

Contingencies
The Company is currently involved in various legal proceedings and tax assessments. Estimates of probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Company currently does not believe these proceedings will have a material adverse effect on the financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the Company's strategies relating to these proceedings.

30. Fair Value Measurement

The fair values of the Company's financial instruments are equal to the carrying amounts in the separate statements of financial position as at December 31, 2022 and 2021.

Fair values have been determined for measurement and disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values are disclosed in the notes to the separate financial statements specific to that asset or liability.

The methods and assumptions used by the Company in estimating the fair value of the financial instruments are as follows:

Cash and cash equivalents and trade and other receivables – current portion carrying amounts approximate fair values due to the relatively short-term maturities of these items.

Trade and other receivables- non-current portion carrying amounts approximate their fair values as they are either priced using prevailing market rates or that the effect of discounting has been considered.

Financial assets at FVPL and FVOCI – these are investments in equity securities, fair value for quoted equity securities is based on quoted prices published in markets as of reporting dates.

Trade and other payables - the carrying values of trade and other payables approximate its fair value because of the short-term nature of these financial liabilities.

Loans payable – carrying amounts approximate their fair values as they are either priced using prevailing market rates or that the effect of discounting is not significant.

The table below analyzes financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

December 31, 2022

	Level 1	**Level 2**	**Level 3**	**Total**
Equity investments:				
Financial assets at FVPL	**P6,750,000**	**P-**	**P-**	**P6,750,000**
Financial assets at FVOCI	**36,076,106**	**-**	**-**	**36,076,106**

December 31, 2021

	Level 1	Level 2	Level 3	Total
Equity investments:				
Financial assets at FVPL	P6,750,000	P-	P-	P6,750,000
Financial assets at FVOCI	37,644,536	-	-	37,644,536

31. Financial Risk Management Objective and Policies

The Company's activities expose it to a variety of financial risks: market risk, liquidity risk and credit risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below.

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. It monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

<u>Market risk</u>

Foreign exchange risk
The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in US dollar. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. Significant fluctuation in the exchange rates could significantly affect the Company's financial position.

Foreign exchange risk exposure of the Company is limited to its cash and cash equivalents. Currently, the Company has a policy not to incur liabilities in foreign currency. Construction and supply contracts, which may have import components, are normally denominated in Philippine peso.

	2022		2021	
	US dollar Deposit	**Peso Equivalent**	US dollar Deposit	Peso Equivalent
Cash and cash equivalents	**$343,937**	**P19,301,749**	$499,771	P25,375,374

The closing rates applicable as at December 31, 2022 and 2021 are P56.12 and P50.77 to US$1, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Company's income in 2022 and 2021. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months at a 99% confidence level.

	+/-	**Effect on Equity**
2022	**0.79%**	**P152,859**
2021	0.36%	90,722

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The primary source of the Company's interest rate risk relates to its cash and cash equivalents, trade receivables and loans payable. The interest rates on cash and cash equivalents and loans payable are disclosed in Notes 3 and 15, respectively.

Cash and cash equivalents are short-term in nature and with the current interest rate level, any variation in the interest will not have a material impact on the profit or loss of the Company.

Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks (see Note 15).

The following table illustrates the sensitivity of the Company's profit or loss to a reasonably possible change in interest rates of its cash and cash equivalents and loan with all other variables held constant.

	2022		2021	
	+/-%	**Effect on Profit or Loss**	+/-%	Effect on Profit or Loss
Cash in bank	**0.06%**	**P84,338**	0.03%	P34,614
Cash equivalents	**1.07%**	**272,484**	0.05%	36,217
Loans payable	**1.64%**	**(14,618,680)**	1.26%	(10,242,538)
		(P14,261,858)		(P10,171,707)

Price risk
Price risk is the risk that the fair value of the financial instrument particularly equity instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Company's Board of Directors reviews and approves all equity investment decisions.

At December 31, 2022, the impact of 0.21% increase/decrease in the price of listed equity securities, with all other variables held constant, would have been an increase/decrease of in the Company's total comprehensive income and equity for the year of 2022 – P91,032 and 2021 – P94,365. The Company's sensitivity analysis takes into account the historical performance of the stock market.

Liquidity risk
Liquidity risk refers to the risk in which the Company encounters difficulties in meeting its short-term obligations.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company maintains adequate highly liquid assets in the form of cash and cash equivalents to assure necessary liquidity.

The following tables detail the Company's remaining maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

		Contractual Obligation			
	Carrying Amount	**Less than One Year**	**One to Five Years**	**More than Five Years**	**Total**
2022			**(In Thousand Pesos)**		
Trade and other payables*	**P162,748**	**P4,901**	**P146,918**	**P10,928**	**P162,748**
Loans payable	**893,367**	**266,939**	**626,428**	**-**	**893,367**
2021					
Trade and other payables*	P190,452	P88,771	P100,034	P1,647	P190,452
Loans payable	810,601	381,135	429,466	-	810,601

**excluding payables to government*

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company's credit risk is primarily attributable to its cash and cash equivalents, and trade and other receivables as disclosed in Notes 3 and 6, respectively. To manage credit risks, the Company maintains defined credit policies and monitors its exposure to credit risks on a continuous basis.

In respect of installments receivable from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Company also undertakes supplemental credit review procedures for certain installment payment structures. The Company's stringent customer requirements and policies in place contribute to low customer default. Customer payments are facilitated through various collection modes including the use of postdated checks and auto-debit arrangements. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Company security deposits and advance rentals which helps reduce the Company's credit risk exposure in case of defaults by the tenants. For existing tenants, the Company has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of paying capacity.

Other financial assets are comprised of cash and cash equivalents excluding cash on hand, financial assets at FVPL and financial assets at FVOCI. The Company adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available international credit ratings. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. Nevertheless, the Company closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at December 31 are as follows:

	2022	2021
Cash and cash equivalents excluding cash on hand	**P157,688,142**	P193,456,955
Trade and other receivables	**563,884,943**	606,452,832
	P721,573,085	P799,909,787

The credit quality of financial assets which are neither past due nor impaired is discussed below:

(a) Cash in banks and cash equivalents

The Company deposits its cash balance in reputable banks to minimize credit risk exposure amounting to P132,157,773 and P114,233,497 as at December 31, 2022 and 2021, respectively. Cash deposits are considered to be of high grade.

For cash and cash equivalents, the Company 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. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from publicly available sources to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

(b) Trade and other receivables

Receivables amounting to P375.98 million and P350.98 million as of December 31, 2022 and 2021, respectively, were impaired and provided for. The allowance for doubtful accounts for receivables has been determined as follows:

	2022	2021
Trade receivables on sale of real estate	**P83,512,900**	88,650,704
Trade receivables on lease	**5,478,810**	7,507,749
Advances to subsidiaries and associates	**237,135,099**	237,135,099
Advances	**862,891**	862,891
Other receivables	**48,987,708**	16,820,965
	P375,977,408	P350,977,408

b.1. *Trade receivables on real estate*

2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Trade receivables				
High grade	**P269,348,812**	**P -**	**P -**	**P269,348,812**
Sub-standard	**-**	**76,348,441**	**-**	**76,348,441**
Low grade	**-**	**-**	**121,787,390**	**121,787,390**
Individually impaired	**-**	**-**	**66,371,974**	**66,371,974**
	269,348,812	**76,348,441**	**188,159,364**	**533,856,617**
Provision				
High grade	4,087,405	-	-	4,087,405
Sub-standard	-	3,820,559	-	3,820,559
Low grade	-	-	9,532,005	9,532,005
Individually impaired	-	-	66,072,931	66,072,931
	4,087,405	3,820,559	75,604,936	83,512,900
	P265,261,407	P72,527,882	P112,554,428	P450,343,717

2021	Stage 1	Stage 2	Stage 3	Total
Trade receivables				

High grade	P243,233,791	P -	P -	P243,233,791
Sub-standard	-	102,963,334	-	102,963,334
Low grade	-	-	125,795,196	125,795,196
Individually impaired	-	-	60,512,101	60,512,101
	243,233,791	102,963,334	186,307,297	P532,504,422
Provision				
High grade	6,759,846	-	-	6,759,846
Sub-standard	-	137,374	-	137,374
Low grade	-	-	20,446,483	20,446,483
Individually impaired	-	-	61,307,001	61,307,001
	6,759,846	137,374	81,753,484	88,650,704
	P236,473,945	P102,825,960	P104,553,813	P443,853,718

High grade exposures are loans that do not have greater-than-normal credit risk. The buyer has the apparent ability and willingness to satisfy his obligation in full and therefore no loss in ultimate collection is anticipated.

Sub-standard grade exposures are receivables that have normal credit risk and have past due above 30 days but below 90 days.

Low grade exposures are receivables that are past due date beyond 90 days and have approached greater-than-normal credit risk.

Individually impaired exposures are receivables that are past due beyond 90 days, have approached greater-than normal credit risk.

For trade receivables on sale of real estate, the Company applies a general approach in calculating ECLs. Under the general approach, ECLs are recognized in three (3) stages as follows:

- Stage 1: For credit exposures for which there has not been a significant increase in credit risk since initial recognition and there is no default that occurred, a 12-month ECL is provided for credit losses that result from default events that are possible within the next 12 months.
- Stage 2: For credit exposures for which there has been a significant increase in credit risk since initial recognition and there is still no default that occurred, a loss allowance equivalent to lifetime ECL is required for credit losses expected over the remaining life of the exposure.
- Stage 3: For credit exposures for which there has been a significant increase in credit risk since initial recognition and for which an actual default has also occurred, a loss allowance equivalent to lifetime ECL is required for credit losses expected over the remaining life of the exposure.

b.2 For trade receivables on lease and other financial assets such as accrued receivable, receivable from related parties and advances to other companies, impairment provisions would be based on the assumption that the receivable is demanded at the reporting date and it would reflect the losses (if any) that would result from this. Since the receivables are collectible on demand, the contractual period is the very short period needed to transfer the cash once demanded. Discounting would have immaterial effect in the balances.

	2022			
	Lease	**Advances to subsidiaries and associates**	**Advances**	**Other receivables**
Gross amount	**P24,271,329**	**P259,366,922**	**P21,096,626**	**P100,790,314**
Provisions	**5,478,810**	**237,135,099**	**862,891**	**48,987,708**
Carrying Amount	**P18,792,519**	**P22,231,823**	**P20,233,735**	**P51,802,606**

	2021			
	Lease	Advances to subsidiaries and associates	Advances	Other receivables
Gross amount	P27,651,679	P256,190,669	P27,834,225	P113,249,245
Provisions	7,507,749	237,135,099	862,891	16,820,965
Carrying Amount	P20,143,930	P19,055,570	P26,971,334	P96,428,280

32. Capital Management

The Company manages its capital to ensure that the Company is able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of equity, which comprises of issued capital, reserves and retained earnings.

Management reviews the capital structure on a quarterly basis. As part of this review, management considers the cost of capital and the risks associated with it.

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

As part of the reforms of the Philippine Stock Exchange (PSE) to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Company has fully complied with this requirement in 2022 and 2021.

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

The Bureau of Internal Revenue issued RR15-2010 and RR2-2014 on December 10, 2010 and February 3, 2014, respectively, which requires certain tax information to be disclosed in the notes to the separate financial statements. The Company presented the required supplementary tax information as a separate schedule attached to its annual income tax return.