COVER SHEET

C	S	2	0	0	4	1	1	5	9	3

SEC Registration Number

ANCHOR LAND HOLDINGS, INC.

(Company's Full Name)

15th Floor, L.V. Locsin Bldg.,
6752 Ayala Ave. cor Makati Ave.,
Makati City

(Business Address: No. Street City/Town/Province)

Christine P. Base
(Contact Person)

(632) 8844-3906
(Company Telephone Number)

1	2		3	1

Month *Day*
(Calendar Year)

1	7	-	A	

(Form Type)

0	6		2	4

Month *Day*
(Annual Meeting)

Registered and Listed
(Secondary License Type, If Applicable)

SEC
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

90
Total No. of Stockholders

Domestic | Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the calendar year ended: **31 December 2022**

2. SEC Identification Number: **CS-200411593** 3. BIR Tax Identification No.: **232-639-838**

4. Exact name of issuer as specified in its charter: **ANCHOR LAND HOLDINGS, INC.**

5. **Makati City, Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. **15th Floor, L.V. Locsin Bldg., 6752 Ayala Ave. cor Makati Ave., Makati City**
   Address of principal office — Postal Code

8. **(632) 8988- 7988**
   Issuer's telephone number, including area code

9. **Not applicable**
   Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common and Preferred Stock Outstanding and Amount of Debt Outstanding
Common Stock: ₱1.00 par value	**1,040,001,000 Shares**
Preferred Stock: ₱1.00 par value	**346,667,000 Shares**
Loans Payable	**₱19,966,468,476**

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

    Yes [**x**] No [ ]

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

    Philippine Stock Exchange — **Common Stock**

12. Check whether the issuer:

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

    Yes [**x**] No [ ]

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

    Yes [**x**] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates of the registrant as at December 31, 2022:

Assumptions:

(a)	Total number of shares held by non-affiliates as at December 31, 2022	261,343,209
(b)	Closing price of the Registrant's share on the exchange as at December 31, 2022	₱5.89
(c)	Aggregate market price of (a) as at December 31, 2022	₱1,539,311,501.01

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ]   No [**x**] Not Applicable

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

None

MANAGEMENT REPORT

Propelled by extensive efforts in adapting and innovating, Anchor Land Holdings, Inc. (ALHI) optimized the upswing in the country's economy to finish 2022 strong and better positioned for expansion.

Our drive to stay ahead of the game boosted the Group's operational performance as demonstrated by the 23% year-on-year increase in our net profit, rising to PhP515.93 million from PhP419.23 million in 2021.

The Group's total consolidated revenues steadily picked up from the previous year's PhP4.38 billion to PhP4.48 billion. Anchoring this consistent growth was the stronger real estate sales due to increased demand for pre-selling and ready-for-occupancy condominiums.

Backed by higher construction accomplishment, sales mainly from 202 Peaklane, Cornell Parksuites, Copeton Baysuites, 8 Alonzo Parksuites, Anchor Grandsuites, and Juan Luna Logistics Center accounted for 61% of the total revenues in 2022.

The positive net take-up of our properties for leasing, such as our office development The Centrium Corporate Offices, and other completed commercial facilities including Two Shopping Center contributed 24% to the Group's total consolidated revenues.

Notably, the opening of our first luxury hospitality development, Admiral Hotel Manila is off to a promising start as it generated PhP79.78 million in recurring income during its soft opening. We are optimistic that we will surpass this stellar performance in 2023 amid the improvement of local and international tourism and the resumption of MICE (meetings, incentives, conferences, exhibitions) activities and social events.

The Group is confident to maintain this momentum as growth prospects across all segments in the real estate industry are boosted by strong macroeconomic fundamentals and increased demand for investment properties.

This optimism stems from our competitive edge in designing developments that meet the evolving needs of the market and building world-class and innovative properties in strategic locations across the country, thus ensuring sustained value for our clients and stakeholders.

We are well-positioned to capitalize on the renewed strength of economic activities in city centers. In Manila Bay Area, we offer the sustainable investment proposition of Copeton Baysuites, whose rental-ready units enable investors to offer premium hotel-alternative accommodation in the leisure- and business-driven district. Revolutionary smart upgrades like the smart digital lockset and an online property management app increase the efficiency of lease operations and make returns from rental income more sustainable.

Banking on the diversity of the Manila Bay Area, we expect the success of Cosmo Suites in filling the gap for co-living accommodations in Pasay City.

Amid rising consumer confidence and foot traffic, we foresee the continuous growth of our recurring income from our office and commercial rental businesses.

With the reactivation of event spaces and increased retail spending, we see Baylife Venue, along with its roster of merchants including East Ocean Palace, benefitting and contributing to the company's financial performance.

We also expect Kanlaon Tower to contribute to the Group's recurring income as it offers start-up companies and MSMEs a prime spot to take advantage of the resurgence of activities in the Manila Bay Area.

As corporate and commercial spaces regain momentum, ALHI is positioned to seize rising opportunities in the office rental business. The Centrium Corporate Offices at the core of Manila Bay City is primed to be the preferred office building in the district. With commercial components integrated, it is seen to strongly contribute to the company's financial standing.

On the other hand, the booming e-commerce industry in Manila Chinatown continues to generate a need for facilities that provide essential backroom support. ALHI is primed to meet this demand, further strengthening our rental revenue stream, through our logistics facilities namely One Soler, One Logistics Center, and Juan Luna Logistics Center.

We remain to be a key player in Manila – specifically in Binondo. As our stronghold, we fortify our presence in the trade district by providing upgraded residences meant to elevate living experiences. Included in the slate of our well-thought-out properties in the area are One Legacy Grandsuites, Cornell Parksuites, and 8 Alonzo Parksuites.

As we strengthen our ties with our valued clients in the world's oldest Chinatown, we continue to understand their evolving needs. Considering the growing requirements of businesses in this tight-knit community, Anchor Land will offer premium offices designed for improved efficiency and productivity through One Financial Center.

In relentless pursuit to redefine the Roxas Boulevard skyline, we look forward to the construction of the Panorama Manila. A 52-storey tower, it is poised to elevate the urban living experience in the City of Manila by offering waterfront residential units for sale.

Committed to delivering our promise, Anchor Land finds ways to expedite construction and operations. Capital expenditures have augmented the Group's total assets to PhP 39.13 billion. With PhP 1.86 billion increase in the organization's investment, we intend to reassure patrons, partners, and clients of steady site activities while speeding up the turnover of properties.

Other developments remain in our pipeline. While Panorama Manila is set to stand next to our Admiral properties, we look forward to providing the next generation of Filipino-Chinese families in Binondo with ultra-luxury homes through One Legacy Grandsuites. For the commercial segment, One Financial Center will provide office solutions to businesses scaling up their operations. In addition, our upcoming logistics centers in the area are designed to address the storage needs of entrepreneurs who may require modern warehousing facilities. Included in this category are RosAn Logistics Center, Divisoria Logistics Center, and Recto Logistics Center. Finally, as we continue to anticipate the boost in the tourism industry, we see ALHI becoming more aggressive and immersed in hospitality with leisure projects in Boracay and Palawan.

With a positive outlook, we boost our efforts to amplify lead generation and conversion. While digital channels and infrastructures are being optimized, offline platforms are aggressively utilized. In collaboration with mainstream media outlets, we expect to strengthen our brand equity while we increase awareness.

Sales efforts are also further reinforced. Robust marketing strategies and support enable the teams to penetrate high-potential markets. With an enhanced Sales Portal in place, efficiency is expected to increase. International sales initiatives are also set as Anchor Land intends to reach a wider target.

Always steered by our precise calculation of the changing segments, we are able to innovate while staying attuned to the ever-growing needs of our clients. This is evident in how we integrate advanced features in several of our Binondo properties. These include smart property technologies and home automation features that not only upgrade the standards of luxury in our developments but also contribute to operational and energy efficiency for unit owners. Collaborating with globally renowned architects and consultants, our projects are afforded world-class vibes with *club-in-a-condo* amenities. Moreover, all verticals are also master planned to provide configuration options that would aptly suit residential considerations for the new generation of families. Most importantly, we have recalibrated our portfolio by introducing a category meant to yield better investment returns through Rentvestments.

Building upon a solid foundation, we are confident that we will continue to be industry trailblazers. Committed to innovating, we will strive to find more ways to serve through sustainable real estate investment options.

Through gains and lessons learned, we see a rewarding future ahead – adapting to advance in every aspect of our craft.

CHARLES STEWART LEE
Chairman

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

<u>BUSINESS OVERVIEW</u>

Anchor Land Holdings, Inc. ("ALHI" or the "Company") was registered with the Philippine Securities and Exchange Commission ("SEC" or the "Commission") on July 29, 2004 with an authorized capital stock of ₱10,000,000.00 divided into 100,000 common shares with a par value of ₱100.00.

The Company is the holding company of the ALHI Group (the "Group") with principal business interest in real estate organized to acquire by purchase, lease, donation, or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, and hold for investment, real estate of all kinds, whether to improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances.

The Company traces its roots to Anchor Properties Corporation. Anchor Properties Corporation (APC) was incorporated in July 15, 2003. It commenced commercial operations on April 30, 2004, simultaneously with the start of the construction of its Lee Tower project.

The Company was founded by a group of entrepreneurs led by Mr. Stephen L. Keng and Mr. Steve Li. The Company was primarily organized to engage in real estate development and marketing focusing initially in high-end residential condominiums within the Manila area. It started business operations on November 25, 2005.

On December 13, 2006, the board of directors and stockholders of the Company approved and authorized the plan of merger of APC, with the Company as the surviving entity. Simultaneously with the approval of the Company's merger with APC, the Company's board of directors and stockholders also approved amendments to Company's Articles as follows: (a) reduction of the par value from ₱100.00 to ₱1.00 resulting in stock split and increase in authorized capital stock from ₱10,000,000.00 to ₱1,000,000,000.00. Both companies are substantially under common control and the merger of the two companies was done to consolidate their real estate projects under one group.

On July 7, 2011, the board of directors and stockholders of the Company approved the amendment of the Company's Articles of Incorporation as follows: a) increase in authorized capital stock of the Company from 1,000,000,000 shares of common stock with par value of ₱1.00 per share to 2,300,000,000 shares of common stock with par value of ₱1.00 per share; and b) increase in authorized capital stock of the Company by creating 1,300,000,000 units of 8%, voting, preferred shares with par value of ₱1.00 per share.

On November 8, 2013, the Philippine SEC approved the increase of capital stock of ALHI from ₱3,600,000,000.00 divided into 2,300,000,000 common shares and 1,300,000,000 preferred shares, both with a par value of ₱1.00 each to ₱4,800,000,000.00 divided into 3,500,000,000 common shares and 1,300,000,000 preferred shares, both with a par value of ₱ 1.00 per share.

BUSINESS PLAN

A trailblazing vision complemented by market-driving strategies to redefine the Philippine real estate landscape paved the way for Anchor Land Holdings, Inc. (ALHI) to end 2022 stronger than 2021 after booking a net income of PhP515.93, 23% higher than the previous year's ₱ 419.23 million.

The group's strong financial outlook was the result of long-term efforts and the continuous pursuit of growth avenues in the real estate sector. With strong foresight for innovation in property development matching evolving customer preferences, we advanced to explore new territories and augment our signature luxury offerings.

RAISING THE BAR IN PROPERTY DEVELOPMENT WITH SMART TECHNOLOGY

As property buyers continuously embrace smart living, ALHI is determined to harness the latest technological advancements so that we may continuously evolve and exceed our signature brand of service to our customers.

In our end-use residential developments, we shall continuously integrate modern and intelligent building features with our fully-furnished units to elevate the living conditions of the new generation of discerning property buyers. These include smart property technologies like the digital lockset as well as automated controls for television, lighting, ACU, and curtains.

As we adapt to the rapidly changing property landscape, we shall fortify our lineup of sustainable investments (cashflow assets) with smart technology upgrades and expert property management and leasing support that contribute to their business- and-rental readiness. Further boosting our support to property investors, we offer an online property management system that enables seamless interaction between unit owners and Anchor Land's property management office.

With the adoption of these modern advancements, we intend to further increase our developments' investment value by enhancing operational efficiency for investors in search of convenient and hassle-free property investments.

Within our organization, we have been successful in fully integrating offline and online strategies to advance our position in the real estate arena. While optimizing our presence in relevant social media and search engine platforms, we are also focusing on increasing the effectiveness of our efforts using lead routing and management technology.

With the intent to elevate the selling experience from our strongholds to any point across the globe, we have fully digitalized how we cascade information within our organization. Using the Sales Portal and Resource Center, we are able to synchronize and streamline marketing assets among our Sales team 24/7.

EXPLORING NEW TERRITORIES IN REAL ESTATE

Innovation has always been at the forefront of our strategy. Drawing upon our deep understanding of our target market and our mastery of the areas where we operate, we are able to pursue new opportunities to advance and expand our business.

By delivering the most luxurious real estate offerings in Manila Chinatown, ALHI has successfully captured a niche market, while steadily expanding its foothold through industry-first product offerings.

From the most technologically advanced residential tower in Binondo, ALHI is also set to deliver the tallest and most innovative office development in the City of Manila designed to address the dynamic needs of the new breed of entrepreneurs and business owners. One Financial Center shall rise as the pinnacle of modernization and progress at the bustling trade and commerce district. A premium Grade A office tower, it is designed to boost optimum productivity and operational efficiency through energy-saving features.

Aside from inverter air conditioning units, double-glazed Low-e curtain walls are also utilized to maintain improved indoor conditions while translating to lower power consumption.

In Roxas Boulevard, Admiral Hotel, ALHI's maiden hotel development is now ready to capture the full velocity of tourism influx with its doors fully open. As the first five-star luxury boutique hotel in the country, it stands as a monument of Anchor Land's signature brand of luxury in the Manila Bay area.

FORGING A TRAILBLAZING PATH

Now in its 19th year, the Anchor Land brand signifies a legacy built over carefully designed masterpieces and handcrafted customer service.

Our success in continuously breathing new life into the world's oldest Chinatown is reflected in the growth in revenues from real estate sales in 2022. The growth was driven by increased construction accomplishment from our current projects for sale consisting of Cornell Parksuites, 8 Alonzo Parksuites, Anchor Grandsuites, and Juan Luna Logistics Center.

Following this feat, we are committed to delivering the most ambitious and high-tech residential condominium in Binondo with One Legacy Grandsuites. It is configured to deliver expansive residential suites equipped with automated unit features and world-class amenities. In the bustling area of Masangkay, we present another premium residential offering through Cornell Parksuites, a collection of residences preferred by moms with schooling children. Meanwhile, 8 Alonzo Parksuites is ideal for aspiring families who want to set up a bright future in the thriving trade district.

With a proven track record and commitment to providing property solutions that address customers' needs, ALHI continues to roll out real estate offerings in the dynamic Bay City Manila where it now enjoys the growth potential it envisioned years back.

Strategically located to capture the influx of tourism in the country's new entertainment center, Copeton Baysuites is a prime example of a sustainable "Rentvestment" property that will meet the requirements of property investors in pursuit of passive income opportunities.

Seeing the need for modern office space in this emerging business district, ALHI presents the Centrium Corporate Offices, a LEED Gold pre-certified development catering to traditional, BPO, and KPO companies in need of new workspaces amid the return to onsite work set-up.

In Davao City, following the success of 202 Peaklane East Tower, we continue to extend our Rentvestment offerings to investors in Mindanao with the West Tower, which is built upon a framework that ensures sustainable passive income.

EXPANDING FOOTPRINT

Amidst the healthy pipeline of projects now in full swing, ALHI is poised to embark on a sectoral and geographical expansion to further strengthen its foothold in the market while continuously serving the evolving needs of the new generation.

In Manila Chinatown, Recto Logistics Center and O'racca Logistics Center shall address the demand for logistics and warehousing services of brick-and-mortar and e-commerce businesses.

Following our triumph in Roxas Boulevard with our multi-awarded luxury properties and the launching of Admiral Hotel, we are geared to bring forth Panorama Manila, another iconic skyscraper that will adorn the skyline of Manila Bay.

Following the successful opening of our maiden boutique luxury hotel, Admiral Hotel Manila, we shall soon launch our next hospitality ventures in popular tourist hotspots Boracay and Palawan.

ADAPTING TO ADVANCE

Drawing on the experiences built over the last 19 years, ALHI takes on a confident stance as a key player in the Philippine real estate arena.

Passionate to bring our signature brand of luxury to greater heights, we will continue to build on where we started by constantly adapting to the ever-changing behavior of our customers and adopting advancements in property development technology. This is evident in our ongoing projects where we have introduced smart offerings like a digital lockset, an online property management app, and automated unit features. These not only elevate the property ownership experience of unit owners but also lead to greater operational and energy efficiency. In addition, we also put a premium on enhanced rental business operations through our designated team of leasing experts through Anchor 100, Anchor Land's leasing and asset management group.

Staying true to our promise of redefining landscapes and skylines, we are geared to provide a high level of customer service. While adapting to the demands of the new generation, we aim to continuously advance through the changing times.

KEY OPERATING SUBSIDIARIES

APC, formerly Manila Towers Development Corporation, was registered with the Philippine SEC on May 11, 1981. APC is a wholly owned subsidiary of ALHI and is engaged in residential development. APC's completed projects are Mandarin Square, Wharton Parksuites, and Oxford Parksuites. It is currently constructing a project in Davao City called 202 Peaklane, another project along T. Alonzo Street, Binondo called 8 Alonzo Parksuites, and is developing another project along Benavidez Street, Manila called One Legacy Grandsuites.

Posh Properties Development Corporation (PPDC), a wholly-owned subsidiary of ALHI, was registered with the Philippine SEC on January 29, 2008 and started operations thereafter. PPDC developed residential condominium of Solemare Parksuites Phase 1, Solemare Parksuites Phase 2, Clairemont Hills Parksuites and Monarch Parksuites, as well as Two Shopping Center, a commercial project. PPDC is also the developer of The Centrium, a project dedicated for office and commercial spaces. Construction of PPDC's newest condominium project located along Macapagal Avenue, Copeton Baysuites is ongoing, and the retrofitting of acquired Kanlaon Tower in Pasay City completed in 2022.

Gotamco Realty Investment Corporation (GRIC), registered with the Philippine SEC on August 27, 1969, was acquired by and became a wholly-owned subsidiary of ALHI in 2008. GRIC has completed its 56-storey residential condominium known as Anchor Skysuites in 2014. GRIC now has two ongoing projects along Masangkay St., Binondo: Anchor Grandsuites and Cornell Parksuites. GRIC is also constructing the Juan Luna Logistics Center along Juan Luna Street, the One Financial Center along Quintin Paredes Street, in Binondo, Manila, and Cosmo Suites in Pasay City.

Nusantara Holdings, Inc. (NHI) was registered with the Philippine SEC on December 11, 1995 and became a wholly owned subsidiary of APC in 2013 through the acquisition of its issued and outstanding shares. NHI has completed a luxurious 39-storey residential development called Princeview Parksuites along Quintin Paredes Street, Binondo, Manila.

Admiral Realty Company, Inc. (ARCI) was incorporated on August 31, 1963 and became a wholly-owned subsidiary of APC in 2009. ARCI has completed the construction of a luxury residential condominium called Admiral Baysuites, and is now in the completion stages of another luxury condominium project called Admiral Grandsuites. The construction of Admiral Hotel was completed and started to operate in 2022. ARCI's future projects include one along Roxas Boulevard called The Panorama Manila, one in Coron, Palawan, one in San Vicente, Palawan, and one in Boracay, Aklan.

Momentum Properties Management Corporation (MPMC), incorporated on February 3, 2009, is 100% owned by ALHI. MPMC is involved in providing property management and consultancy services covering condominium and building administration, architectural plans review, and all other aspects ranging from leasing and facilities management.

1080 Soler Corp. (1080 Soler) was incorporated on June 8, 2010. It is wholly owned by Anchor Land Global Corporation (ALGC), which was incorporated on April 8, 2010 and is, in turn, another fully owned subsidiary of ALHI. It has completed, and is now operating, One Soler, a 10-storey structure that offers warehousing facilities, office and commercial spaces for lease in the Divisoria area.

Basiclink Equity Investment Corp. (BEIC), incorporated on January 24, 2011, is 60% owned by PPDC and 40% owned by ALGC. It has completed the construction of One Logistics Center, a 15-storey commercial building that offers office spaces and warehousing facilities in Baclaran.

Globeway Property Ventures, Inc. (GPVI), incorporated on October 25, 2012, is 70% owned by ALHI. It has completed a 5-storey structure named Bay Life Venue over a 4,897.50 square meters property located at Aseana City, Parañaque City for retail/restaurant purposes. The East Ocean Palace Restaurant, which is touted to be the biggest seafood restaurant in the Philippines, is now operational. Bay Life Venue includes private and open dining areas, commercial units, function rooms, holding rooms and a roof deck.

Anchor Land Hotels & Resorts, Inc. (ALHRI) was incorporated on June 13, 2017 and is a wholly-owned subsidiary of ALHI. ALHRI was formed and organized to operate and manage the Admiral Hotel and future hotel and resort developments. On July 1, 2022, ALHRI officially started the commercial operation of the Admiral Hotel.

Frontier Harbor Property Development, Inc. (FHPDI) was incorporated on December 15, 2015, a sixty percent (60%) owned subsidiary of ALGC. The corporation is to develop a commercial project in partnership with the City of Paranaque. FHPDI is currently handling the development and construction of the Central Link, a public-private partnership with the local government of Parañaque City.

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

ALHI, in its regular conduct of business, has entered into transactions with its subsidiaries principally consisting of advances and reimbursement of expenses, development, management, marketing, leasing and administrative service agreements.

Enterprises and individuals that directly or indirectly, through one or more intermediaries, control or are controlled by or under common control, with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals, also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely to the legal form.

Outstanding balances between companies within the Group are unsecured, interest-free and settlement occurs in cash. Related party transactions and balances were eliminated in the consolidated financial statements, and instead, discussed in the Supplementary Schedules, Schedule "C".

INTELLECTUAL PROPERTY

Under existing Philippine laws governing intellectual property rights, the registrant of a tradename and a trademark shall be granted the exclusive right to use the same in relation to a particular product or service. Thus, to protect its right to exclusively use the names and logos utilized in its business operations, the Group has registered the following tradenames and trademarks with the Intellectual Property Office (IPO) of the Philippines as at December 31, 2022:

Trademark	Registrant	Application Date / Application Number	Registration Date / Registration Number	Classes of Goods/ Services
Admiral Realty Company Inc. and Device	ARCI	April 5, 2013 / 4-2013-003858	August 8, 2013 / 4-2013-003858	37
Eisenglas Aluminum & Glass Inc. and Device	EAGI	April 5, 2013 / 4-2013-003853	August 8, 2013 / 4-2013-003853	6 / 19
Momentum Properties Management Corporation and Device	MPMC	April 5, 2013 / 4-2013-003854	August 8, 2013 / 4-2013-003854	36
Gotamco Realty Investment Corporation and Logo	GRIC	July 2, 2010 / 4-2010-007155	July 7, 2011 / 4-2010-007155 Renewed on July 7, 2021	36
Anchor Properties Corporation and Device	APC	February 15, 2012 / 4-2012-001815	May 17, 2012 / 4-2012-001815	36
Mayfair Tower (stylized)	ALHI	April 5, 2013 / 4-2013-003852	November 7, 2013/ 4-2013-003852	36
Anchor Skysuites and Device with Chinese Characters	GRIC	April 5, 2013 / 4-2013-003856	August 8, 2013 / 4-2013-003856	36
Admiral Baysuites and Device	ARCI	April 5, 2013 / 4-2013-003857	August 8, 2013/ 4-2013-003857	36
Monarch Parksuites and Device	PPDC	June 19, 2012 / 4-2012-007305	October 18, 2012 / 4-2012-007305	37
Two Shopping Center (stylized) with Chinese Characters	PPDC	April 5, 2013 / 4-2013-003863	January 16, 2014 / 4-2013-003863	35
Wharton Parksuites and Device with Chinese Characters	APC	April 5, 2013 / 4-2013-003860	February 13, 2014/ 4-2013-003860	36 /37
Oxford Parksuites and Device with Chinese Characters	APC	April 5, 2013 / 4-2013-002859	February 13, 2014/ 4-2013-003859	36 / 37
Solemare Parksuites and Device	PPDC	April 5, 2013 / 4-2013-003864	February 13, 2014/ 4-2013-003864	36 / 37
Windsor Place and Device	PPDC	September 11, 2012 / 4-2012-011100	February 21, 2013/ 4-2012-011100	36
Balmoral Place and Device	PPDC	September 18, 2012 / 4-2012-100006	April 18, 2013 / 4-2012-100006	36

The Princeview Parksuites and Device with Chinese Characters	NHI	April 5, 2013 / 4-2013-003855	August 8, 2013 / 4-2013-003855	36
Clairemont Hills and Device	PPDC	February 15, 2012 / 4-2012-001814	March 20, 2014 / 4-2012-001814	36
Admiral Grandsuites and Device	ARCI	July 01, 2014 / 4-2014-008273	April 23, 2015 / 4-2014-008273	36
One Logistics Center (stylized)	BEIC	May 17, 2013/ 4-2013-005679	October 3, 2013 / 4-2013-005679	35 / 39
8 Alonzo Parksuites	APC	October 19, 2016/ 4-2016-00012774	April 12, 2018 / 4-2016-00012774	36 / 37
Copeton Baysuites	PPDC	January 8, 2018/ 4-2018-00000368	September 23, 2018/4-2018-00000368	36
Cosmo Suites	GRIC	January 22, 2018/ 4-2018-00001240	May 11, 2018/ 4-2018-00001240	36
Juan Luna Logistics Center	GRIC	February 14, 2018/ 4-2018-00002930	November 8, 2018/ 4-2018-00002930	39
One Soler	1080 Soler	February 14, 2018/ 4-2018-00002932	July 5, 2018/ 4-2018-00002932	39
202 Peaklane	APC	March 1, 2018/ 4-2018-00003841	November 22, 2018/ 4-2018-00003841	36 / 42
Nusantara Holdings Inc.	NHI	December 4, 2018/ 4-2018-021660	June, 9, 2019/ 4/2018/00021660	36
Baylife Venue	GPVI	January 31, 2017/4/2017/00001327	May 11, 2017/ 4/2017/00001327	43
Anchor Land	ALHI	April 11, 2019/ 4/2019/00006021	July 7, 2019/ 4/2019/00006021	37
Made for You	ALHI	August 8, 2019/ 4-2019-00014033	November 17, 2019/ 4-2019-00014033	36 37
Cornell Parksuites	GRIC	August 8, 2019/ 4-2019-00014031	December 26, 2019/ 4-2019-00014031	36 37
One Legacy Grandsuites	APC	September 10, 2019/ 4-2019-00016048	April 6, 2020/ 4-2019-00016048	36 37
Admiral Hotel Manila and Device	ALHRI	November 12, 2019/ 4-2019-00019697	December 18, 2020 / 4-2019-00019697	43

Central Link and Device	FHPDI	January 10, 2020 / 4-2020-00000538	December 18, 2020 / 4-2020-00000538	35 36 37
One Financial Center and Device with Chinese Characters	GRIC	January 10, 2020/ 4-2020-00000535	August 14, 2020 / 4-2020-00000535	35
El Atrio Lounge and Device	ALHRI	June 8, 2020 / 4-2020-00505462	December 18, 2020 / 4-2020-00505462	43
Admiral Spa and Device	ALHRI	June 25, 2020 / 4-2020-00507461	January 15, 2021 / 4-2020-00507461	44
Admiral Club Manila Bay and Device	ALHRI	October 27, 2020 / 4-2020-00516280	February 28, 2021/ 4-2020-00516280	43
Coconut Grove and Device	ALHRI	June 8, 2020 / 4-2020-00505461	May 21, 2021/ 4-2020-00505461	43
The Centrium and Device	PPDC	March 5, 2021/ 4-2021-00505375	April 9, 2021/ 4-2021-00505375	35, 36, 37 & 42
Care to Change and Device	ALHI	September 14, 2020 / 4-2020-00512659	May 21, 2021/ 4-2020-00512659	44
Copeton Baysuites and Device with Chinese Characters	PPDC	March 5, 2021/ 4-2021-00505378	July 25, 2021/ 4-2021-00505378	36
Anchor Grandsuites and Device with Chinese Characters	GRIC	November 18, 2020 / 4-2020-00517980	May 21, 2021/ 4-2020-00517980	36 & 37
Posh Properties Development Corporation and Device	PPDC	November 18, 2020 / 4-2020-00517979	May 28, 2021/ 4-2020-00517979	35, 36 & 37
Balmoral Suites and Device	PPDC	November 18, 2020 / 4-2020-00517983	April 30, 2021/ 4-2020-00517983	36
Windsor Suites and Device	PPDC	November 18, 2020 / 4-2020-00518035	April 9, 2021/ 4-2020-00518035	36
The Panorama Manila and Device with Chinese Characters	ARCI	March 5, 2021/ 4-2021-00505377	October 10, 2021/4-2021-00505377	36 & 37

As the IPO provides, the certificates of registration covering the foregoing trade names and trademarks shall remain in force for ten (10) years, unless sooner terminated, and may be renewed for periods of ten (10) years thereafter. Since these names and logos have become distinctive with the luxury homes and quality service for which the Group is known, the renewal of these certificates shall and have been made upon their expiration and the Group shall continue to safeguard its rights over the same.

EFFECT OF EXISTING OR PROBABLE GOVERNMENTAL REGULATIONS ON THE BUSINESS

SUBDIVISION AND CONDOMINIUM BUYER'S PROTECTIVE DECREE

For the purpose of regulating the subdivision and condominium businesses in the country, Congress has enacted Presidential Decree No. 957, as amended (PD 957), otherwise known as the "Subdivision and Condominium Buyer's Protective Decree". The power to enforce the provisions of PD 957 is vested on the Department of Human Settlements and Urban Development (DHSUD), formerly known as Housing and Land Use Regulatory Board and, to a certain degree, on the concerned local government units (LGUs). PD 957 mandates the registration of all projects intended for the construction of residential, commercial, industrial or recreational subdivisions, as well as residential and commercial condominiums. It also prescribes the procedure by which real estate companies may acquire such registration, and the various licenses, permits and certificates necessary to prove that their development projects are carried out according to existing statutory requirements.

For condominium projects, PD 957 and the existing rules promulgated by the DHSUD require all owners or developers to apply for Development Permit, Certificate of Registration and License to Sell with the DHSUD and pertinent LGUs prior to actual development and selling of units. These documentary requirements were duly accomplished by the Group for all its projects as it regularly applies for the required government approvals for any condominium project it undertakes to develop.

Development Permits

The Development Permits for each of the Group's condominium projects were obtained from the DHSUD as at December 31, 2022:

Project	Date Issued
Lee Tower	March 5, 2004
Mayfair Tower	December 13, 2005
Mandarin Square	October 4, 2006
Solemare Parksuites Phase I	June 4, 2008
Wharton Parksuites	Dec. 11, 2009
Anchor Skysuites	August 25, 2010
Solemare Parksuites Phase 2	December 3, 2010
Admiral Baysuites	April 8, 2011
Clairemont Hills Parksuites	June 20, 2012
Oxford Parksuites	January 21, 2013
Monarch Parksuites	September 6, 2013
Princeview Parksuites	December 6, 2013
Admiral Grandsuites	November 11, 2014
Anchor Grandsuites	August 6, 2015
202 Peaklane	January 5, 2018
Juan Luna Logistics Center	September 7, 2018
8 Alonzo Parksuites	September 7, 2018
Copeton Baysuites	October 2, 2018
Cornell Parksuites	June 8, 2020
One Legacy Grandsuites	July 24, 2020
One Financial Center	July 21, 2021
Cosmo Suites	April 11, 2022

The Group also applied for the issuance of Development Permits for the new condominium projects it plans to complete and these applications are now pending before the DHSUD.

Certificate of Registration

After the Group registered its condominium projects with the DHSUD and obtained the necessary approval of the condominium plans to be used therein, the following Certificates of Registration were issued in favor of the projects of the Group:

Project	Date Issued
Lee Tower	June 3, 2004
Mayfair Tower	August 4, 2006
Mandarin Square	November 20, 2007
Solemare Parksuites Phase I	January 8, 2009
Wharton Parksuites	April 16, 2010
Anchor Skysuites	November 8, 2010
Solemare Parksuites Phase 2	November 15, 2011
Admiral Baysuites	December 26, 2011
Clairemont Hills Parksuites	September 4, 2012
Oxford Parksuites	June 18, 2013
Monarch Parksuites	October 14, 2013
Princeview Parksuites	February 17, 2014
Admiral Grandsuites	June 5, 2015
Anchor Grandsuites	February 5, 2016
Juan Luna Logistics Center	November 16, 2018
8 Alonzo Parksuites	December 21, 2018
202 Peaklane	December 27, 2018
Copeton Baysuites	December 23, 2018
Cornell Parksuites	December 23, 2020
One Legacy Parksuites	January 17, 2022
One Financial Center	August 10, 2022
Cosmo Suites	December 14, 2022

The Group is also in the process of applying for the Certificates of Registration of its latest projects from the DHSUD.

License to Sell

The DHSUD further authorized the Group to offer the condominium units in its projects for sale to the public by issuing the following Licenses to Sell in favor of the Group:

Project	Date Issued
Lee Tower	June 3, 2004
Mayfair Tower	August 4, 2006
Mandarin Square	November 20, 2007
Solemare Parksuites Phase I	January 8, 2009
Wharton Parksuites	April 16, 2010
Anchor Skysuites	November 8, 2010
Solemare Parksuites Phase 2	November 15, 2011
Admiral Baysuites	December 26, 2011
Clairemont Hills Parksuites	September 4, 2012
Oxford Parksuites	June 18, 2013
Monarch Parksuites	October 14, 2013
Princeview Parksuites	February 17, 2014
Admiral Grandsuites	June 5, 2015
Anchor Grandsuites	February 5, 2016
Juan Luna Logistics Center	November 16, 2018
8 Alonzo Parksuites	December 21, 2018
202 Peaklane	December 27, 2018
Copeton Baysuites	December 28, 2018
Cornell Parksuites	December 23, 2020
One Financial Center	August 10, 2022
One Legacy Grandsuites	January 17, 2022
Cosmo Suites	December 14, 2022

At the appropriate time, the Group also intends to procure the required Licenses to Sell for its future condominium projects.

Further, in connection with this requirement, and pursuant to the mandatory provisions of PD 957, all active real estate dealers, brokers and salesmen directly connected with the Group and its projects have registered themselves with the DHSUD. Moreover, in compliance with Republic Act No. 9646 (RA 9646), otherwise known as the "Real Estate Service Act of the Philippines", all real estate service practitioners, except salespersons, engaged by the Group, have taken the required licensure examination and other continuing education programs in their field.

The Company and its subsidiaries has likewise secured all the necessary business permits and licenses required from all government agencies which include registrations and licenses from the SEC, Social Security System (SSS), and the Bureau of Internal Revenue (BIR).

To date, as far as the Group is concerned, there is no existing legislation or governmental regulation that is expected to materially affect its business.

ANTI-MONEY LAUNDERING ACT

The ALHI Group of Companies are registered with the Anti-Money Laundering Council, in compliance with the amended Anti-Money Laundering Act of 2001, which includes real estate developers as covered persons, ALHI Group has also taken steps to comply and will comply with the reportorial requirements for covered and suspicious transactions, including the drafting of the Money Laundering/Terrorism Financing Prevention Program for its corporations.

MACEDA LAW

The ALHI Group faithfully complies with Republic Act No. 6552, otherwise known as the "Realty Installment Buyer Protection Act", or more popularly called the "Maceda Law". In the event prospective buyers default in their payments on installment, or decide to cancel their reservation on a condominium unit offered for sale, the Company allows these buyers to receive a refund of their payments in accordance with the rules set forth by the Maceda Law.

COSTS AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS

In the Philippines, the owner or developer of any project that poses a potential environmental threat or is likely to cause a significant impact on the environment in a particular area is required to secure an Environmental Compliance Certificate (ECC) from the Department of Environment and Natural Resources (DENR). The ECC is issued by the Environmental Management Bureau (EMB) of the DENR, which serves as a certification that, after reviewing the proposed project, the EMB found that the project will not cause a significant negative impact on the environment. The issuance of the ECC also certifies that the project complied with all the requirements of the Environmental Impact Statement (EIS) and the applicant has committed to implement its approved Environmental Management Plan. In some instances, the ECC likewise contains specific measures that must be complied with before and during the operation of the project, and lists the conditions required to be performed at the abandonment phase of the project to reduce identified potential impacts on the environment.

Among the projects classified by law to be environmentally critical and mandated to procure ECC prior to commencement of operation are those involving the construction and development of condominiums. Hence, the Group has consistently applied for the required ECCs for all its projects. After presenting the details of its projects before the members of the EMB, satisfying all requirements and proving that no serious environmental damage shall result from the construction of its condominiums, the Group was able to secure the necessary ECCs for its projects.

The relevant details of the ECCs issued in favor of the Group and its subsidiaries are as follows:

ECC No.	Date Issued	Project Name
ECC NCR 2004-01-28-047-216	January 28, 2004	Lee Tower
ECC-LLDA-2006-109-8420	July 31, 2006	Mayfair Tower
ECC-LLDA-2007-115-8420	August 16, 2007	Mandarin Square
ECC-NCR-0804-048-5011	July 14, 2008	Solemare Parksuites 1
ECC-LDBW-1001-0005	January 29, 2010	Wharton Parksuites
ECC-NCR-1104-0129	May 22, 2010	Admiral Baysuites
ECC-NCR-1009-0350	October 12, 2010	Anchor Skysuites
ECC-NCR-1010-0356	October 22, 2010	Clairemont Hills Parksuites
ECC-NCR-1012-0454	January 28, 2011	Solemare Parksuites 2
ECC-NCR-1303-0109	April 16, 2013	Oxford Parksuites
ECC-NCR-1302-0060	February 18, 2013	Monarch Parksuites
ECC-NCR-1401-0040	January 29, 2014	Princeview Parksuites
ECC-NCR-1408-0316	September 29, 2014	Admiral Grandsuites
ECC-NCR-1602-0017	March 21, 2016	Anchor Grandsuites
ECC-OL-NCR-2016-0041	April 22, 2016	East Ocean Seafood Restaurant
ECC-NCR-1609-0058	October 3, 2016	The Centrium
ECC-OL-NCR-2017-0129	September 22, 2017	Cosmo Suites
ECC-OL-NCR-2018-0183	August 20, 2018	Juan Luna Logistics Center
ECC-R11-1710-0021	September 28, 2018	202 Peaklane
ECC-OL-NCR-2017-0017	December 19, 2018	8 Alonzo Parksuites
ECC-NCR-1812-0081	December 19, 2018	Copeton Baysuites
ECC-OL-NCR-2019-0270	October 4, 2019	Cornell Parksuites
ECC-OL-NCR-2019-0288	October 18, 2019	One Legacy Grandsuites
ECC-OL-NCR-2021-0017	February 18, 2021	One Financial Center
ECC-OL-NCR-2022-0100	July 6, 2022	Kanlaon Towers

HUMAN RESOURCES

The Group has no collective bargaining agreements with employees and there are no organized labor organizations in the Group. The Group complies with the minimum compensation benefits standards pursuant to Philippine law. The Group has not experienced any disruptive labor disputes, strikes or threats of strikes and the Group believes that its relationship with its employees in general is satisfactory.

The number of employees of the Group as at December 31, 2022 are as follows:

Department	Officer	Rank & File	Total
Executive Office	7	1	8
Finance & Accounting	26	75	101
Administration	4	29	33
Corporate Affairs	3	5	8
Engineering	20	37	57
Human Resources	2	9	11
Information and Technology	1	3	4
Internal Audit	0	0	0
Procurement	4	7	11
Sales & Marketing	11	27	38
Property Mangement	12	61	73
Hotel Management	41	52	93
Turnover	0	5	5
Total	**131**	**311**	**442**

RISKS

The Group is subject to competition in each of its principal businesses. This competition comes in terms of attracting buyers for its condominium units and tenants for its commercial spaces. The Group manages this risk by identifying the underserved and/or hard to penetrate market, recognizing their needs and wants prior to project inception, prompt project delivery and maintaining highest turnover standards. With this, the Group is confident that it will surpass the competition.

Item 2. Properties

The following are the real estate properties of the Company and its subsidiaries as at December 31, 2022:

Company	Project	No. of Titles
ALHI	Mayfair Tower	2 Land Titles
ALHI	Solemare Parksuites Phase I	1 Land Title
PPDC	Two Shopping Center	6 Land Titles
ARCI	Admiral Baysuites	1 Land Title
ALHI	Clairemont Hills Parksuites	3 Land Titles
PPDC	Solemare Parksuites Phase II	1 Land Title
PPDC	Monarch Parksuites	2 Land Titles
NHI	Princeview Parksuites	1 Land Title
1080 Soler	One Soler	1 Land Title
ARCI	Admiral Hotel	3 Land Titles
ARCI	Admiral Grandsuites	3 Land Titles
GRIC	Anchor Grandsuites	5 Land Titles
BEIC	One Logistics Center	1 Land Title
PPDC	The Centrium	4 Land Titles
APC	202 Peaklane	4 Land Titles
PPDC	Copeton Baysuites	4 Land Titles
GRIC	Cosmo Suites	1 Land Title
APC	8 Alonzo Parksuites	1 Land Title

GRIC	Juan Luna Logistics Center	1 Land Title
GRIC	One Financial Center	1 Land Title
GRIC	Cornell Parksuites	2 Land Titles
APC	One Legacy Grandsuites	3 Land Titles
PPDC	Kanlaon Tower Condominium	69 Condominium Certificates of Title
ARCI	The Panorama Manila	1 Land Title
APC	Divisoria Logistics	2 Land Titles
One Binondo Prime Properties Corp. (OBPPC)	Binondo, Manila	2 Land Titles
ARCI	Coron, Palawan	4 Land Titles
FRC	Recto Logistics Center	4 Land Titles
ARCI	San Vicente, Palawan	1 Land Title
GRIC	Nueva Street, Binondo	1 Land Title
GRIC	Juan Luna Street, Binondo	1 Land Title
PPDC	Pasay City	2 Land Titles
ARCI	Manoc Manoc, Malay, Aklan	17 Land Tax Declarations

Mayfair Tower

The Mayfair Tower having been completed, standing tall within the 958.9 square meter of land located at United Nations Avenue corner A. Mabini Street in Ermita, Manila covered by TCT Nos. 269918 and 269919. This 33-storey residential condominium boasts of world-class amenities and facilities, exclusive to the privileged few. The sky terrace, one of its best features, allows as much as 200 people to enjoy the wonderful view of the city and the lush landscape that surrounds the area.

Solemare Parksuites (Phase I)

Solemare Parksuites (Phase I), completed in February 2012, is a 18-storey twin tower residential condominium within a 6,281 square meter property located at ASEANA Business Park in Paranaque, (near SM Mall of Asia) is covered by TCT No.180308. The Solemare Parksuites is located just off busy Macapagal Boulevard. Inspired by the Venetian Architecture, Solemare Parksuites' elegant interiors and proximity to almost all of the key establishments makes it appealing to its young target market in search of second home.

Two Shopping Center

Two Shopping Center, having been completed, is a commercial center situated in Pasay City containing an area of Six Thousand Five Hundred Thirty Three square meters and 90 square decimeters (6,533.90) covered by TCT Nos. 145526, 145527, 145528, 151248, 151544 and 151545.

Admiral Baysuites

Admiral Baysuites is a 53-storey luxury condominium located in Roxas Blvd. The land area of this project is Two Thousand Three Hundred Eighty-one square meters and (2,381.00) covered by TCT No. 002-2011001508.

Clairemont Hills Parksuites

A parcel of land situated in San Juan City, Metro Manila containing an area of Five Thousand Six Hundred Twenty Seven square meters (5,627) covered by TCT Nos. 012-201100061, 012-2011000642 and 012-2011000643 was developed into an integrated development that features medium-rise condominium and townhouses known as Clairemont Hills Parksuites.

Solemare Parksuites (Phase II)

Solemare Parksuites (Phase II) is completed as at December 31, 2014. This 18-storey twin tower residential condominium is situated in Paranaque City containing an area of Six Thousand Eight Hundred Nine square meters and 50 square decimeters (6,809.50) covered by TCT No. 180889.

Monarch Parksuites

Monarch Parksuites is a four-tower residential condominium located at Aseana Business Park, Tambo, Parañaque City, containing an area of Eighteen Thousand One Hundred Nineteen square meters and 40 square decimeters (18,119.40) covered by TCT Nos. 010-2017002202 and 010-2015000742.

Princeview Parksuites

Princeview Parksuites is located in 434 Quintin Paredes St., Binondo, Manila, with an aggregate area of One Thousand (1,000.00) square meters covered by TCT No. 226613. Princeview Parksuites will offer practical unit sizes suited to young families as well as businessmen who want to live near their livelihood.

One Soler

One Soler is a 10-storey structure that will offer warehousing facilities in the Divisoria area. It is located in the corner of Soler Street and Reina Regente Streets, Binondo, Manila covered by TCT No. 002-2011001906 with lot area of Five Hundred Seventy Nine square meters and thirty-five decimeters (579.35).

Admiral Hotel

Directly adjacent to Admiral Baysuites project is Admiral Hotel, consisting of One Thousand Six Hundred Fifty Five square meters and 10 square decimeters (1,655.10) and covered by TCT No. 002-2011001507, 002-2015002437 and 002-2015002436.

Admiral Grandsuites

Admiral Grandsuites is being constructed on three (3) parcels of land located at Ermita, Malate, Manila containing an area of One Thousand Six Hundred Thirty square meters and 70 square decimeters (1,630.70) covered by TCT Nos. 002-2011001323, 002-2011001324 and 002-2011001325.

Anchor Grandsuites

Anchor Grandsuites is intended to be developed as a luxurious condominium project located at Masangkay St., Binondo, Manila, consisting of Four Thousand Six Hundred Seventy Five square meters and 50 square decimeters (4,675.50) and covered by TCT Nos. 002-2013003154, 002-2013003152, 002-2016000027, 002-2018000797 and 002-2018000798. The Anchor Grandsuites is set to become the tallest edifice in Chinatown.

One Logistics Center

One Logistics Center offers office spaces and warehousing facilities. It is a 15-storey commercial building located in Lot 2A, Taft Avenue Extension, Pasay City, covered by TCT No. 003-2011000139 with lot area of One Thousand One Hundred Sixty square meters and Seventy Nine decimeters (1,169.79).

The Centrium

Situated in Parańaque City, The Centrium has been completed by PPDC on a lot consisting of Nine Thousand Five Hundred Eighty Three square meters (9,583) covered by TCT Nos. 010-2013004248, 010-2013004251, 010-2016004448 and 010-2016004447. It will be dedicated mostly for leasable office and commercial spaces.

202 Peaklane

202 Peaklane is a residential condominium project being developed by APC along C.M. Recto St., Davao City. It will consist of two (2) towers that will have 28 floors each, on four (4) lots consisting of Four Thousand Forty square meters (4,040) and covered by TCT Nos. 146-2017001274, 146-2017001275, 146-2017001276, and 146-2017022355.

Copeton Baysuites

Copeton Baysuites will be another luxury condominium project situated in the heart of Aseana City. PPDC shall be developing four (4) parcels of land covered by TCT Nos. 010-2017001627, 010-2017001628, 010-2017001629 and 010-2017001630, with a total area of Seven Thousand Seven Hundred Nineteen square meters (7,719), located along Belle Avenue corner Macapagal Avenue, Parañaque City.

Cosmo Suites

Cosmo Suites is a project being developed as a residential condominium consisting of single occupany studio units. GRIC purchased a parcel of land located along P. Celle Street, Pasay City containing an area of Four Thousand Forty Eight square meters and 40 square decimeters (4,048.40) covered by TCT No. 003-2017000468.

8 Alonzo Parksuites

Located at T. Alonzo Street, Binondo, Manila and covered by TCT No. 002-2015002505 with lot area of One Thousand Nine Hundred Forty-Five square meters and Ten decimeters (1,945.10), 8 Alonzo Parksuites is a 47-level residential condominium building to be constructed and developed by APC.

Juan Luna Logistics Center

A parcel of land in Juan Luna St., Tondo, Manila containing an area of One Thousand Six Hundred Seventy Three square meters (1,673) was purchased by GRIC and covered by TCT No. 002-2018002702, to be developed into a warehouse facility for sale to business owners in the heart of Divisoria.

One Financial Center

GRIC purchased a parcel of land situated along Quintin Paredes Street in the City of Manila, presently covered by a TCT No. 002-2018001798, with a total declared area of One Thousand One Hundred One square meters and 90 square decimeters (1,101.90). The property will be developed as a One Financial Center in Binondo, a forty-five (45) storey building, to cater commercial offices.

Cornell Parksuites

GRIC purchased two (2) parcels of land situated along Masangkay Street in the City of Manila, presently covered by TCT Nos. 002-2018001256 and 002-2018001257, with a total declared area of One Thousand One Hundred Seventy Seven square meters and 40 square decimeters (1,177.40). A fifty (5) storey residential condominium will be developed in the land.

One Legacy Parksuites

APC purchased three (3) parcels of land situated along Benavidez street corner Recto Street in the City of Manila, presently covered by TCT Nos. 002-2019000651, 002-2019000652, and 002-2019000653, with a total declared area of Two Thousand Nine Hundred Eighty square meters (2,980.00). The Group intends to develop a high-rise condominium of sixty-nine (69) storey with roof deck, in the property.

Kanlaon Tower Condominium

PPDC is the registered owner of 64 units in Kanlaon Tower Condominium, all covered by Condominium Certificates of Title, from CCT Nos. 003-2019000436 to 003-2019000499. The condominium units are located along Roxas Boulevard in Pasay City, and are leased to commercial and residential tenants.

The Panorama Manila

ARCI purchased a parcel of land located along Roxas Boulevard, Manila to be developed into a high-rise luxury mixed residential and commercial condominium, a portion of which will become a hotel. The total lot area is Two Thousand Two Hundred Forty square meters and Forty square decimeters (2,240.40).

Land and other property held for future development

APC purchased two (2) contiguous parcels of commercial land located at Lot Nos. 1 and 2, Block 1896, M. De Santos, C. Planas and P. Chavez Streets, Barangay 269 Zone 025, Binondo District (San Nicolas District - per tax declaration), Manila, with a total area of One Thousand Thirty One square meters and Thirty square decimeters (1,031.30), covered by TCT Nos. 002-2017002028 and 002-2017002027 for future projects.

ARCI purchased four (4) lots in Barangay 3, Coron, Palawan, covered by TCT Nos. 065-2017000849, 065-2017000902, 065-2019000055 and 065-2020000307 and Tax Declaration Nos. 09-003-0441 and 09-003-0442. The property is to be developed as a hotel resort.

FRC holds title to four (4) parcels of land located along Soler Street, Binondo, Manila, presently covered by TCT Nos. 138428, 138429, 138430, and 138431, with a total lot area of One Thousand One Hundred Ninety-six square decimeters (1,196.0 sqm) to be developed into the Recto Logistics Center.

ARCI purchased a parcel of land in San Vicente, Palawan, with a total lot area of Seven Thousand Four Hundred Sixty Nine square meters (7,469), covered by TCT No. 065-2019001563, to be developed into a resort hotel.

GRIC also owns two parcels of land in Binondo and Tondo with a total lot area of Three Thousand Five Hundred Eighty Eight square meters and Two square decimeters (3,588.8) to be developed as future residential and commercial projects. These are located at (1) Nueva Street (Yuchengco) with a lot area of Two Thousand Eighty Five square meters and Nine square decimeters (2,085.9) and; (2) Juan Luna

(Binondo) with a lot area of One Thousand Five Hundred Two square meters and Nine square decimeters (1,502.9).

PPDC owns parcels of land situated in Pasay City containing an area of One Thousand Six Hundred Seven square meters and 20 square decimeters (1,607.20) covered by TCT Nos. 150541 and 150542, which is to be developed into a commercial building. .

OBPPC owns two (2) parcels of land in Binondo, Manila, covered by TCT Nos. 002-2010000708 and 002-2010000711 with a total lot area of Two Thousand Seven Hundred Thirty Four square meters and Seventy decimeters (2,734.70) for the Company's future development projects.

Finally, ARCI has several properties in Boracay Island located at Barangay Manoc Manoc, Malay, Aklan, totaling Twenty Six Thousand Four Hundred Sixty Five square meters (26,465), which is to be developed as luxury resort.

Properties used as collateral

The Group's properties located in Roxas Boulevard, Pasay, Binondo, Manila and Paranaque were used as collateral to secure the Group's loans. Under the loan agreements, there are no limitations on the ownership and usage of these properties.

Leased Properties

The Group leases its principal place of business at Unit 11B, 11th Floor L.V. Locsin Building, 6752 Ayala Avenue, corner Makati Avenue, Makati City, Philippines, 1228. The leased premise has an area of Four Hundred Forty square meters and 25 square decimeters (440.25), an additional four (4) free basement parking slots, with an area of about Fourteen square meters and 50 square decimeters (14.50) each.

The Group is also currently leasing at 13th, 14th, 15th and 16th Floors L.V. Locsin Building, 6752 Ayala Avenue, corner Makati Avenue, Makati City, Philippines, 1228. All leased premises have an aggregate area of Three Thousand Nine Hundred Ninety Three square meters and 21 square decimeters (3,993.21), including seven (7) basement parking slots each floor.

On October 1, 2015, the Group, under GPVI, entered into a lease with Bay Area Holdings, Inc. over a property consisting of Four Thousand Eight Hundred Ninety-Seven square meters (4,897), more or less, located at Aseana City, Parañaque City, wherein it is Bay Life Venue is located. The lease is for a term of ten (10) years, commencing on June 1, 2016 to May 31, 2026 and renewable for another 10 years.

APC is currently leasing a showroom in Poblacion, Davao City for its 202 Peaklane project along C.M. Recto Street in Davao City

Rental Properties

The Group earns rental revenue from logistics and shopping centers, commercial condominium units, office and parking spaces. Rental properties generally provide recurring income to the Group through monthly rentals. The Group's rental income from these properties amounted to ₱1,093.09 million and ₱1,067.14 million in 2022 and 2021, respectively.

Properties for future acquisition

As at December 31, 2022, the Group plans to acquire other properties through a combination of cash available from working capital and loan.

Item 3. Legal Proceedings

To the best of the Company's knowledge, there has been no occurrence of any of the following events during the past five (5) years up to the present which are material to an evaluation of the ability and integrity of any director, any person nominated to become director, executive officer or control person of the Company:

1. Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer whether at the time of insolvency or within two (2) years prior to that time;
2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, in any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Any final and executory order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily, enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and
4. Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or domestic or foreign exchange or electronic marketplace or self regulatory organization, for violation of a securities or commodities law.

There are no legal proceedings to which the Company or its subsidiaries or any of their properties is involved in or subject to any legal proceedings which would have material effect adverse effect on the business or financial position of the Company or its subsidiaries.

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

The stockholders' meeting of the Company was held virtually last July 15, 2022 at 3 o'clock in the afternoon. At the said meeting, the following were presented and approved by the stockholders present representing 81.16% of the outstanding shares entitled to vote:

a. Presentation and approval of the Financial Statements as at December 31, 2021;
b. Ratification of acts of the Board of Directors and Officers;
c. Election of the members of the Board of Directors; and
d. Appointment of external auditors;

The following were elected as Directors of the Company for the year 2021-2022, namely: Charles Stewart Lee, Steve Li, Digna Elizabeth L. Ventura, Christine P. Base, Lorna Pangilinan, Avelino M. Guzman, Jr., Violeta Josef, Victoria Villaluz, Edwin Lee, Clinton Steven Lee and Neil Y. Chua.

Other than those matters mentioned above, there are no other matters submitted to a vote by the security holders.

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PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

(1) **Market Information**

(a) The principal market of the Company's shares of stock is the Philippine Stock Exchange. The closing prices of the Company's share for each quarter for the last two fiscal years were as follows:

Year	Quarter	High (in ₱)	Low (in ₱)	Closing Price (in ₱)
2022	First	6.48	5.30	5.30
	Second	7.89	5.00	6.58
	Third	7.84	5.60	5.60
	Fourth	7.11	4.02	5.89
2021	First	8.75	7.30	8.49
	Second	8.40	7.30	7.45
	Third	7.98	6.90	7.01
	Fourth	7.51	5.10	5.51

(b) The closing price of the Company's stocks as of the latest practicable trading dates were as follows:

Year	Month	High (in ₱)	Low (in ₱)	Closing Price (in ₱)
2023	January	5.89	5.22	5.77
	February	5.80	5.28	5.60
	March 31	5.75	5.30	5.30

(2) **Holders**

The number of shareholders as at December 31, 2022 is 90. The top twenty (20) stockholders of the Company as provided by the stock transfer agent's report as at December 31, 2022 were as follows:

Stockholders	Number of shares
1. PCD Nominee Corporation (Filipino)	364,843,794
2. Sybase Equity Investments Corporation	202,609,200
3. Steve Li	156,000,000
4. Cindy Mei Ngar Sze	155,999,298
5. PCD Nominee Corporation (Non-Filipino)	114,326,400
6. Rena Obo Alvarez	30,000,000
7. Philip O. Bernardo	8,954,400
8. Rena Obo Alvarez	5,550,000
9. Harley Tan Sy	1,650,000
10. Jan Reiner B. Uy	15,000
11. Maria Charito B. Uy	15,000
12. Regina Capital Dev. Corp. 000351	13,000
13. Ma. Christmas R. Nolasco	10,200
14. Robert S. Chua	6,000
15. Edwin Lee	3,000
16. Avelino M. Guzman, Jr.	1,000
17. Violeta Josef	1,000
18. Ma. Victoria Villaluz	1,000
19. Charles Stewart Sze Lee	900
20. Jose Armando Del Rosario Melo	900
TOTAL	1,040,000,092

(3) **Dividends**

Cash Dividends

On April 21, 2022, the Parent Company's BOD approved the declaration of cash dividends as follows:

- For preferred shares - 8% dividends per issued and outstanding preferred share; and
- For common shares - ₱0.02 per issued and outstanding common share.

The record date is June 17, 2022 and dividends amounting to ₱48.53 million were paid on June 28, 2022.

On April 7, 2021, Parent Company's BOD declared cash dividends as follows:

1. For preferred shares - 8% dividends per issued and outstanding preferred share; and
2. For common shares - ₱0.02 per issued and outstanding common share.

The record date is May 27, 2021 and dividends amounting to ₱48.53 million were paid on June 17, 2021.

On June 18, 2020, Parent Company's BOD declared cash dividends as follows:

3. For preferred shares - 8% dividends per issued and outstanding preferred share; and
4. For common shares - ₱0.09 per issued and outstanding common share.

The record date is August 20, 2020 and dividends amounting to ₱121.33 million were paid on September 10, 2020.

The Company, as a general rule, shall only declare from surplus profit as determined by the Board of Directors as long as such declaration will not impair the capital of the Company.

(4) **Recent Sales of Unregistered Securities**

As at reporting date, no sales of unregistered securities or shares of the Company were sold except during the date of listing with the Philippine Stock Exchange.

Item 6. Management's Discussion and Analysis

Financial Statements

Basis of Preparation

The consolidated financial statements of the Group have been prepared using the historical cost basis. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency and presentation currency under Philippine Financial Reporting Standards (PFRS). All amounts are rounded to the nearest peso, except when otherwise indicated.

The accompanying consolidated financial statements have been prepared under the going concern assumption. While the government eases restrictions of business activities to revive economic growth, the impact of COVID-19 may continue to evolve giving inherent uncertainties on businesses.

Statement of Compliance

The accompanying consolidated financial statements, are prepared in accordance with PFRS, as modified by the application of the following reporting reliefs issued and approved by the Philippine SEC under Memorandum Circular No. 34-2020 in response to the COVID-19 pandemic:

a) Deferral of the application of PIC Q&A No. 2018-12, accounting for significant financing component and the exclusion of land in the calculation of percentage of completion; and
b) Deferral of the application of IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost.

SEC Memorandum Circular No. 34-2020 further allowed the deferral of application of these accounting pronouncements for another three years, or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the Adoption of New and Amended Accounting Standards and Interpretations in the notes to the consolidated financial statements.

PFRSs include PFRS, PAS and Interpretations issued by the PIC.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Company using consistent accounting policies.

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following management's discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with the Group's audited financial statements, including the related notes, contained in this report. This report contains forward-looking statements that involve risks and uncertainties. The Group cautions investors that its business and financial performance is subject to substantive risks and uncertainties.

Results of Operations Jan-Dec 31, 2022 vs. Jan-Dec 31, 2021

The Group's operational performance for the year ended December 31, 2022 resulted to an increase of 23% in its consolidated net income and 21% in its earnings per share with the reported amounts of ₱515.93 million and ₱0.47 per share, respectively, compared to ₱419.23 million and ₱0.39 per share in the prior year.

Revenues from real estate sales and rental remained steady in 2022. Real estate sales was mainly generated from 202 Peaklane, Cornell Parksuites, Copeton Baysuites, 8 Alonzo Parksuites, Anchor Grandsuites and Juan Luna Logistics, which totaled to ₱2,717.70 million. While rental income of ₱1,093.09 million was earned mainly from The Centrium, Two Shopping Center and other completed commercial facilities. The real estate sales and rental income of the Group contributed 61% and 24%, respectively, to the Group's consolidated revenues that totaled ₱4,480.03 million in 2022.

Aside from the abovementioned projects, three other projects are expected to contribute to the future revenue of the Group. These are One Legacy Grandsuites, One Financial Center and Cosmo Suites. One Legacy Grandsuites is the Group's biggest residential development project and One Financial Center is the first premium corporate building project for sale of the Group. These two are in their early stage of construction. The Cosmo Suites, an ongoing development project which was initially intended as a co-living development facility, will be offered for residential sale in 2023.

Lastly, the operation of the Group's hotel has commenced in the third quarter of 2022 through the Admiral Hotel – a five star luxury boutique hotel project of the Group. The hotel had its soft opening on July 1, 2022 and contributed ₱79.78 million to the revenue of the Group for a period of 6 months.

Financial Condition 2022 - 2021

The Group reported a growth of ₱1,856.27 million the total assets from the reported amount of ₱37,274.33 million as at December 31, 2021 to ₱39,130.61 million as at December 31, 2022. This was mainly brought the capital expenditure of ₱6,068.01 million which was incurred from development and construction activities of the Group during the year.

While development and construction activities of the Group caused an increase in the total assets, the receivables (including noncurrent portion) have decreased by ₱1,443.80 million or 38% as at December 31, 2022. This decrease was the result of continuous collections of installment contract receivables from revenues that were already recognized.

Total liabiltieis increased by ₱1,369.84 million mainly due to the increase in accounts and other payables of ₱1,508.84 million, net of decrease in loans payable of ₱464.65 million. Further, the current liabilities increased by ₱4,885.03 million due to the currently maturing long-term loans of ₱6,357.11 million and the increase in accounts and other payables. The increase in the current liabilities resulted to a lower current ratio from 1.19:1, compared to the ratio 1.58:1 in the prior year. Despite the increase the lower current ratio, the Group expects that it will be able to refinance the currently maturing long-term obligations when they mature.

The movements in equity accounts follow:

- Retained earnings – increase was brought by the net income for the year ended December 31, 2022 net of dividends declared.
- Non-controlling interests – increased by ₱3.14 million due to the derecognition of negative non-controlling interest from one of the non-operating subsidiaries.

Results of Operations Jan-Dec 31, 2021 vs. Jan-Dec 31, 2020

The Group generated a total of ₱419.23 million consolidated net income for the year ended December 31, 2021, 19% higher than the consolidated net income recognized in the prior year of ₱351.39 million.

The Group's total consolidated revenues grew by 12% or ₱475.72 million. This was brought mainly by the increase in real estate sales of about ₱642.69 million due to the higher construction accomplishments of the ongoing inventory projects in 2021. Revenue from real estate sales was still the biggest contributor which accounted 63% of the total revenue.

The Group's rental operation remained stable with a slight increase of 4% from the prior year and 24% contribution to the total revenue in 2021.

The Group also has new inventory projects lined up around Manila's Chinatown, One Legacy Grandsuites (with a license to sell issued in January 2022) and One Financial Center. For recurring income projects, The Centrium and Admiral Hotel are expected to be fully completed and operational in 2022, while Cosmo Suites is expected to be completed in 2 years. These projects would contribute to the future revenue sources of the Group.

Financial Condition 2021 - 2020

The Group reported total assets of ₱37.27 billion at a consolidated level as at December 31, 2021, ₱1.64 billion higher than the reported total assets in the prior year. This increase was attributed to the increase in real estate for development and sale, property and equipment and investment properties with a total amount of ₱2.86 billion.

In 2021, the Group incurred total construction and development costs of ₱3.45 billion for real estate for development and sale, higher than the costs incurred in the prior year of ₱2.66 billion. These costs were incurred mainly from the construction of Cornell Parksuites, 202 Peaklane, Copeton Baysuites, 8 Alonzo Parksuites, Juan Luna Logistics, Anchor Grandsuites and Admiral Grandsuites.

The construction and development costs incurred for Admiral Hotel, Centrium, Cosmo Suites and Central Link (the Public-Private Partnership (PPP) project with the local government of Paranaque City) were the main contributors to the increase in property and equipment and investment properties of the Group.

On the other hand, the continuous collections from installment contract receivables and rental receivables caused the Group's receivables (including noncurrent portion) to decrease by ₱1.48 billion.

Total liabilities of the Group also increased by 5% or ₱1.26 billion. The increase was mainly from the loans availed during the period to finance the Group's construction and development activities, liabilities to the contractors. The Group were also able to refinance ₱1.8 billion of its short-term loan obligation to long-term in the first half of 2021 that resulted to decrease in the current liabilities.

The movements in equity accounts follow:

- Retained earnings - increase brought by the net income for the year ended December 31, 2021 net of dividends declared during the period.
- Non-controlling interests - decrease due to net loss attributable to the non-controlling interests and the deconsolidation of one of the non-operating subsidiaries with minority interest.

Results of Operations Jan-Dec 31, 2020 vs. Jan-Dec 31, 2019

The Group generated a total of ₱351.39 million consolidated net income for the year ended December 31, 2020. This is 57% lower than ₱814.27 million recognized in the prior year.

The decrease in the consolidated net income was mainly due to the decrease in real estate sales of about ₱2,605.97 million or 55% due to low construction accomplishment and low sales volume due to limited selling activities as a result of the quarantine measures implemented by the Government with ongoing COVID 19 pandemic. The Group has four new projects expected to be launched in 2021.

On the other hand, the Group's revenue from rental continues to improve in 2020, contributing 31% to the total consolidated revenue or an amount of ₱1,022.47 million compared to the ₱782.99 million recorded in 2019. The increased rental income of the Group was mainly from the rentals earned from The Centrium.

The significant increase in rental income and the ongoing construction of The Centrium, Cosmo Suites and Admiral Hotel are all in line with the Group's continuing efforts to invest and increase its recurring income projects to rebalance the mix of its revenue sources.

In general, the Group's operation has been significantly affected by the disruptions caused by the COVID-19 pandemic. Nevertheless, the revenue increase from rental operations helped the Group to remain profitable despite the pandemic's negative effect to the Group's consolidated net income.

Financial Condition 2020 - 2019

The Group's total assets amounting to ₱35.63 billion and ₱33.52 billion as at December 31, 2020 and 2019, respectively, increased by 6% or ₱2.11 billion. The increase was mainly due to increases in real estate for development and sale by ₱1,801.30 million, properties and equipment and investment properties by ₱950.62 million and other assets (including noncurrent portion) by ₱264.26 million.

The Group incurred construction and development cost of ₱2,663.21 million under real estate for development and sale. Moreover, reclassification of assets, particularly the land assets for the Panorama, and Recto Logistics which are previously recorded under investment properties contributed to the significant increase in the real estate for development and sale in 2020.

The construction and development cost incurred for The Centrium, Admiral Hotel, Central Link and Cosmo Suites caused the increase in property and equipment and investment properties. The construction of the Central Link, the PPP project with the local government of Paranaque City started in 2020. This resulted to an increase to other noncurrent assets due to the advances paid to the contractors.

The Group's total liabilities has grown by ₱1.85 billion partly from the loans availments in 2020, the increase in payables related to the Group's ongoing projects and the customer's deposits and advances from the Group's buyers that include collections of receivables not yet recognized as revenue.

The movements in equity accounts follow:

- Retained earnings – increase was brought by the net income for the year ended December 31, 2020 net of the cash dividends declared.
- Non-controlling interests – increased due to net income during the year attributable to the non-controlling interests.

The significant increase in rental income and the ongoing construction of The Centrium, Cosmo Suites and Admiral Hotel are all in line with the Group's continuing efforts to invest and increase its recurring income projects while rebalancing the mix of its revenue sources.

Key performance indicators are listed below:

	2022	**2021**	**2020**
Liquidity Ratio			
(1) Current Ratio	1.19 : 1	1.58 : 1	1.27 : 1
(2) Debt to Equity Ratio	3.27 : 1	3.29 : 1	3.30 : 1
(3) Asset-to-Equity Ratio	4.27 : 1	4.29 : 1	4.30 : 1
(4) Income before Tax, Interest, Depreciation and Amortization	₱1,813.43 million	₱1,493.62 million	₱1,472.75 million
(5) Interest coverage ratio	1.47	1.19	1.18
(6) Return on Revenue	12%	10%	9%
(7) Return on Equity	6%	5%	4%
(8) Basic Earnings per Share	₱0.47	₱0.39	₱0.31

(1) Current Assets / Current Liabilities
(2) Total Liabilities / Total Stockholders' Equity
(3) Total Assets / Total Stockholders' Equity
(4) Income before Tax , Interest, Depreciation and Amortization
(5) Income before Tax, Interest, Depreciation and Amortization / Interest Expense
(6) Net Income attributable to equity holders / Total Revenue
(7) Net Income attributable to equity holders / Total Stockholders' Equity
(8) Net Income attributable to equity holders –Preferred Shares Dividends / Outstanding Shares

These key indicators were chosen in order to provide management with a measure of the Group's financial strength (Current Ratio and Debt to Equity) and ability to maximize the value of its stockholders' investment in the Group (Basic Earnings per Share, Income before Interest, Taxes, Depreciation and Amortization and Return on Equity).

The Group will continue to identify potential sites for development and pursue expansion activities by establishing landmark developments in the high rise residential luxury condominium and investment properties. The Group intends to implement this by putting up the required resources needed for the development of its existing and future projects.

Review of December 31, 2022 as compared with December 31, 2021

Material Changes to the Balance Sheet as at December 31, 2022
Compared to December 31, 2021 (Increase/Decrease of 5% or more)

Receivables (including noncurrent portion) decreased by 38% or ₱1,443.80 million due to the decrease in installment cotracts receivable as a result of collections from the buyers.

Real estate for development and sale increased by 35% or ₱3,104.03 million mainly due to the reclassification of the capitalized development costs incurred for Cosmo Suites. This project was initially recorded as an investment property but subsequently reclassified to real estate for development and sale in line with the change in intention to sell the property as a residential project.

Property and equipment increased by 19% or ₱571.84 million due to the construction costs capitalized from the Admiral Hotel and the right-of-use asset recognized for the lease of additional floors in Head Office.

Deferred tax assets increased by 54% or ₱71.02 million as a result of recognition of deferred tax on the Group's additional lease liability and NOLCO.

Other assets (including noncurrent portion) decreased by 6% or ₱219.05 million mainly due to the decrease in the total advances to contractors from the recoupments made on the progress billings.

Accounts and other payables (including noncurrent portion) increased by 36% or ₱1,508.84 million as brought by the the advances received from the minority shareholder of Frontier Harbor Property Development Inc., for the project development.

Income tax payable increased by 65% or ₱55.94 million due to the higher taxable income recognized for the year ended December 31, 2022.

Lease liabilities (including noncurrent portion) increased by 21% or ₱59.76 million mainly from additional leased floors in Head Office.

Pension liabilities decreased by 13% or ₱9.78 million as a result of actuarial gains recognized directly to other comprehensive income.

Deferred tax liabilities increased by 57% or ₱126.64 million mainly due to the decrease in deferred taxes related to differences between tax and book basis of accounting fore real estate transactions and unamortized discount on installment contract receivable.

Non-controlling interest increased by 11% or ₱2.73 million due to derecognition of negative equity amount in non-controlling interest pertaining to one of the subsidiaries.

Retained earnings increased by 7% or ₱465.57 million as a result of the net income recognized during the year, net of the dividends declared.

Material Changes to the Statements of Income for the Year Ended December 31, 2022
Compared to the Year Ended December 31, 2021 (Increase/Decrease of 5% or more)

The Group started the operation of the Admiral Hotel and had its soft opening on July 1, 2022. Revenue and cost of hotel operation amounted to ₱79.78 million and ₱81.62 million, respectively, from the 6-month operation.

Interest and other income went up by 10% or ₱49.19 million due to the earnings from service fees, forfeited collections, interest and penalty charges to the buyers and tenants.

Cost of real estate sales decreased by 11% or ₱286.90 million due to cost efficiency achieved through periodic review and enhanced cost control and monitoring.

Selling and administrative expenses increased by 6% or ₱75.16 million due to the higher in real estate property taxes paid during the year, depreciation of Centrium and Admiral hotel and increase in administrative expenses from the operation of hotel.

Finance cost increased by 139% or ₱67.87 million due to the cessation of borrowing capitalization for the Centrium and Admiral Hotel.

Provision for income tax increased by 70% or ₱71.01 million due to higher income recorded in 2022. The effect of adjustments in relation to the implementation of Corporate Recovery and Tax Incentives for Enterprices Act (CREATE) was also recorded and resulted to a lower income tax expense in the prior year.

Income before income tax and net income increased by 32% and 23% or ₱167.72 million and ₱96.71 million, respectively, as a result of the above-mentioned transactions.

Review of December 31, 2021 as compared with December 31, 2020

Material Changes to the Balance Sheet as at December 31, 2021
Compared to December 31, 2020 (Increase/Decrease of 5% or more)

Cash and cash equivalents decreased by ₱108.04 million or 8% as a result of settlement of the Group's loan payables and payment to contractors for the ongoing projects.

Receivables (including noncurrent portion) decreased by ₱1,482.57 million or 28% mainly due to the collections from installment contract receivables and rental receivables.

The increase in real estate for development and sale amounting ₱965.35 million was mainly due to the construction and development costs incurred for the Group's ongoing inventory projects which are Cornell Parksuites, 202 Peaklane, Copeton Baysuites, 8 Alonzo Parksuites, Juan Luna Logistics, Anchor Grandsuites and Admiral Grandsuites. In 2021, the Group also reclassified land intended to be developed for future sale, amounting to ₱111.58 million, from investment properties to real estate for development and sale which also contributed to the increase.

Other assets (including noncurrent portion) went up by 10% or ₱325.57 million mainly due to the increase in advances to contractors related to the ongoing construction projects and increase in prepaid taxes such as input VAT and creditable withholding tax.

Property and equipment increased by 10% due to the total additions of ₱327.44 million of which ₱301.68 million was attributed to the construction of Admiral Hotel. Depreciation for property and equipment amounted to ₱67.09 million.

The increase in investment properties of 11% or ₱1,636.14 million was mainly due to the result of construction and development of The Centrum, Cosmo Suites and Central Link. Total construction and development costs incurred for investment properties in 2021 amounted to ₱2,080.80 million. This cost includes acquired land amounting to ₱99.16 million.

Deferred tax assets increased by 53% or ₱46.02 million mainly due to the increase in deferred tax assets recognized related to the lease transactions and deferred tax assets of subsidiaries that incurred NOLCO during the year.

Accounts and other payables increased by 7% or ₱289.63 million mainly due to the increase in payables to the contractors and suppliers in relation the ongoing construction projects of the Group.

Income tax payable decreased by 10% or ₱9.59 million due to the lower income tax rate due to the effect of Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) law.

Loans payable (including noncurrent portion) increased by 6% or ₱1,120.47 million due to the availments during the year to finance the Group's ongoing construction projects.

Customers' deposits and advances decreased by 5% or ₱178.12 million due to the deposits recognized as revenue during the year.

Lease liabilities (including noncurrent portion) decreased by 12% or ₱38.68 million due to payments made during the year.

Deferred tax liabilities increased by 50% or ₱74.76 million mainly due to the effect of deferred taxes recognized in relation to unamortized discount on installment contract receivables.

The increase of 39% or ₱14.85 million in the other comprehensive income was attributed to the actuarial gains recognized as a result of remeasurement of pension liabilities as of year end, net of tax effect.

Non-controlling interests account decreased by ₱15.11 million due to net loss attributable to non-wholly owned subsidiaries and the deconsolidation of one of the non-operating subsidiaries with minority interest.

Material Changes to the Statements of Income for the Year Ended December 31, 2021
Compared to the Year Ended December 31, 2020 (Increase/Decrease of 5% or more)

Real estate sales increased by 30% or ₱642.69 million mainly due to higher construction accomplishment during the year.

Management fee income increased 8% or ₱2.40 million mainly due to the increased rates from escalation in 2021.

Interest and other income decreased by 30% or ₱214.05 million mainly due to the lower interest income from amortization of installment contracts receivable and nonrecurring gain on forfeitures recognized in 2020 from pre-terminated lease contracts.

The cost of real estate sales increased by 16% or ₱350.94 million brought by the increase in real estate sales. Cost of real estate sales includes actual construction costs incurred during the period and other direct costs such as cost of borrowings capitalized as real estate inventories.

The increase in selling and administrative expenses of 11% or ₱117.95 million was attributed mainly to the loss recognized for the commercial building demolished for the new project intended to be built in the same location. Increase in sales and marketing and utilities expense because of the increase in volume of operations also contributed to the increase during the year.

Finance cost decreased by ₱4.43 million on account of lower interest expense recognized from loans payable.

Provision for income tax decreased by 36% due to the lower corporate income tax rate and the effect of adjustments from the prior year in relation to the implementation of CREATE.

Income before tax and net income increased by 2% and 19%, or ₱11.25 million and ₱67.84 million, respectively, as a result of the above-mentioned transactions.

<u>Review of December 31, 2020 as compared with December 31, 2019</u>

Material Changes to the Balance Sheet as at December 31, 2020
Compared to December 31, 2019 (Increase/Decrease of 5% or more)

Cash and cash equivalents increased by ₱186.20 million or 16% mainly due from cash collections from the buyers and lesees and from the loans availed during the year.

Receivables (including noncurrent portion) dropped by 17% due to the lower real estate sales recognized during the year and the reduction from continuing collections from the buyers.

Real estate for development and sale increased by 30% or ₱1,801.30 million as a result of reclassifications of assets from investment properties with a net amount of ₱1,385.95 million and the incurred construction and other direct cost of ₱2,663.21 million gross of ₱2,247.86 million recognized as cost of sales during the year.

Other assets (including noncurrent portion) increased by 9% or ₱264.26 million. It was mainly brought by the advances paid to the contractor for the development of The Central Link, the PPP project with the local government of Paranaque City.

The increase in property and equipment of ₱622.95 million was mainly attributable to the construction cost incurred for the development of Admiral Hotel and the right-of-use asset recognized related to the renewal of lease contract for the head office.

The increase in deferred tax assets of 13% was mainly due to the increase in deferred taxes due to the other comprehensive income recognized from pension during the year.

Accounts and other payables (including noncurrent portion) increased by 7% or ₱241.16 million due to the increase in payable to contractors due to continuing development of the Group's real estate projects.

Income tax payable decreased by 61% compared to the balance as at December 31, 2019 due to the lower taxable income recognized during the year.

Loans payable (including noncurrent portion) increased by 8% as a result of loan availments during the year made to finance the Group's ongoing real estate projects.

The increase in customers' deposits of 10% was mainly brought by deposits paid by the buyers for the Group's new and existing projects. This also includes new sales not yet recognized as revenue during the year.

Increase in lease liabilities (including noncurrent portion) increased by ₱59.09 million mainly due to the additional liability recognized related to the renewal of lease contract for the Group's head office.

Pension liability decreased by ₱29.93 million due to the other comprehensive income recongnized as a result to changes in financial assumptions in 2020.

Deferred tax liabilities decreased by ₱18.35 million mainly attributable to the recognition of the difference between tax and book basis of accounting for real estate transactions.

Other comprehensive income increased by ₱34.96 million as a result of gain recongnized in other comprehensive income related to adjustments in pension liabilities.

The 4% increase in retained earnings represents consolidated net income net of cash dividend declaration in 2020.

Material Changes to the Statements of Income for the Year Ended December 31, 2020
Compared to the Year Ended December 31, 2019 (Increase/Decrease of 5% or more)

Real estate sales revenue decreased by 55% mainly due to the lower construction accomplishment and low sales volume during the year due the quarantine measures implemented by the Government to fight the COVID-19 pandemic.

Management fees decreased by 7% mainly due to the expiration of property management agreement of the Group with Mayfair Tower Condominium.

The significant increase in rental revenue of about ₱239.48 million or 31% was mainly brought by the significant increase in rental income from The Centrium. The Group likewise continues to generate rental income from other recurring income projects such as One Soler, One Logistics Center, One Shopping Center, Two Shopping Center and from other commercial facilities in the Group's completed condominium projects.

Interest and other income increased by 10% or ₱64.47 million mainly from the income recognized arising from pre-termination of lease contracts.

The ₱1,484.71 million or 40% decrease in cost of real estate was mainly due to lower real estate sales revenue recognized.

Selling and administrative expenses decreased by 13% mainly due to the decrease in sales and marketing expenses.
The increase in finance cost of 5% was mainly brought by the interest expense recognized related to the amortization of lease liabilities.

Income before income tax and provision for income tax decreased by 56% and 55%, respectively, as a collective result of the above-mentioned causes.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the Group's financial statements are consistent with those of the previous financial years except for the new and amended PFRS which were adopted beginning January 1, 2022.

The summary of changes in accounting policies and disclosures are discussed in the notes to the consolidated financial statements.

Other Disclosures

Other than those already disclosed in the consolidated financial statements, there were no material events or uncertainties known to management as at December 31, 2022, in respect of the following:

- Any known trends, demands, commitments, events or uncertainties that are reasonably expected to have a material effect on liquidity. The Group does not anticipate having within the next 12 months any liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases or other indebtedness or financing agreement.

- Events that will trigger material financial obligation to the Group.

- Material off-balance sheet transactions, arrangements, obligations and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

- Known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales/revenue/income from continuing operations.

- Significant elements of income or loss that did not arise from the Group's continuing operations.

- Seasonal aspects that had material effect on the financial condition or result of operations.

Item 7. Financial Statements

The financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A as Annex "A".

INFORMATION ON INDEPENDENT ACCOUNTANT

(1) EXTERNAL AUDIT FEES AND SERVICES

The aggregate fees for each of the last three (3) years for professional services rendered by the Group's external auditors:

	2022	2021	2020
Audit Fees	₱3,650,250	₱3,305,252	₱3,297,000
Tax fees	–	–	–
Other Fees	–	700,000	–
Total	₱3,650,250	₱4,005,252	₱3,297,000

(a) Audit and audit related fees for the Group was for expressing an opinion on the financial statements and review of the annual income tax return.
(b) There are no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements.
(c) There were no tax fees paid for the years 2022, 2021 and 2020.
(d) Other fees in 2021 pertain to advisory services rendered. There were no other fees paid to the external auditors for the years 2022 and 2020.
(e) Audit committee's approval policies and procedures for the above services – the committee will evaluate the proposals from known external audit firms. The review will focus on quality of service, commitment to deadline and fees as a whole, and no one factor should necessarily be determinable.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in and disagreements with accountants on accounting and financial disclosure.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

(1) **Directors, Executive Officers, Promoters and Control persons**

The incumbent directors and executive officers of the Company are as follows:

Office	Name	Age	Year of Assumption of Office	No. of Years/Month
Director and Chairman of the Board of Directors	Charles Stewart Lee	33	2014/2020	9 years/ 3 years
Director, Vice-Chairman and Chief Executive Officer	Steve Li	53	2007/2013	16 years/10 years
Director	Avelino M. Guzman, Jr.	49	2015	8 years
Director and President	Digna Elizabeth L. Ventura	50	2011	12 years
Independent Director	Lorna Pangilinan	67	2018	5 years
Director and Corporate Secretary	Christine P. Base	52	2007	16 years
Director	Clinton Steven Lee	30	2020	3 years
Independent Director	Violeta Josef	76	2015	8 years
Independent Director	Ma. Victoria Villaluz	69	2015	8 years
Director, Treasurer, and Chief Finance Officer	Neil Y. Chua	52	2013/2009	10 years/14 year
Director	Edwin A. Lee [1]	65	2013	10 years
AVP for Engineering	Honorio A. Alvarez, Jr.	54	2017	6 years
AVP for Procurement	Benjamin C. Abordo	54	2022	1 year
Internal Audit Manager	Edwin L. Aquino. [2]	45	2019	4 years

[1] Died on December 14, 2022
[2] Resigned effective November 16, 2022

Directors

CHARLES STEWART LEE, British, 33 years old, is incumbent Chairman of the Board of Directors of Anchor Land Holdings, Inc. He is currently the Director of Pacific Apex Food Ventures, Inc. Mr. Lee studied at the University of Southern California, Los Angeles, California, USA where he obtained his Business of Arts Degree in Social Science with emphasis in Economics.

STEVE LI, Hong Kong SAR National, 53 years old, is the Vice-Chairman and Chief Executive Officer of Anchor Land Holdings, Inc. since 2007 and 2013, respectively. Mr. Li graduated from York University, Toronto, Canada with a Bachelor's Degree in Business Administration major in Finance and Accounting.

AVELINO M. GUZMAN, JR., Filipino, 49 years old, was elected as Director of the Company. He is the Managing Partner of A.M. Guzman, Jr. and Associates Law Office, and of Golden Ace Credit Solutions Company, Ltd. He also serves as the President and Chairman of the Board of Whidbey Holdings Corporation and as the Corporate Secretary of Santino Metal Industries, Inc., Merckammed Concepts, Inc., IdeashipPhils. Holdings, Inc., LTC Group of Companies, VS Marketing Corporation, Anchor Land Global Corporation and Akuna (Philippines) Inc. He was previously a Senior Associate Lawyer at Saulog & De Leon Law Offices from January 1999-December 2009. Mr. Guzman, Jr. obtained his Bachelor of Arts major in Economics and his Bachelor of Laws from San Beda College. He became a Member of the Integrated Bar of the Philippines in 1999.

DIGNA ELIZABETH L. VENTURA, Filipino, 50 years old, is the President of Anchor Land Holdings, Inc. since August 15, 2011. From July 2005, she served as the Asst. Vice President for Sales & Marketing and in 2009, she was promoted as the Vice President for Sales & Marketing of the Company. Prior to joining the Company, she was the Sales Director of Filinvest, Inc., Sales and Marketing Manager of the Waterfront Hotel and Megaworld Properties and Holdings, Inc. Ms. Ventura earned her Bachelor of Science Degree in Hotel and Restaurant Management from the University of Santo Tomas.

LORNA PANGILINAN, Filipino, 67 years old, is an Independent Director of the Company. Currently, she does consultancy engagements with various companies. Her clients includes Fraport AG, Macroasia Corporation, Sublic Leisure Inc., Zuellig, MRT-4 (Bouygues), Asia's Emerging Dragon Corporation, Metropolitan Medical Center, and Ever-Gotesco Group of Companies. She held several executive positions from 1977 to 2010. She also served as director and committee member to different private and financial institutions such as Savers Dome Inc., Tong Yang Savings Bank, Chamber of Thrift Banks, Capwire and Pocketbell, Republic Telecommunications Holdings, Inc., AG Finance Inc., DBP Management Corporation, DBP Data Center, Inc. and DBP Provident Fund Committee and DBP-Institutional Banking Group Credit Committee. She also earned her bachelor's degree in Economics at the University of the Philippines Diliman and a MA candidate in Economics at Ateneo de Manila University.

CHRISTINE P. BASE, Filipino, 52 years old is the Corporate Secretary and a member of the Audit committee of the Anchor Land Holdings, Inc. since April 10, 2007. She is currently a Corporate and Tax Lawyer at Pacis and Reyes, Attorneys and the Managing Director of Legisforum, Inc. She is the Corporate Secretary of SBS Philippines Corporation, Italpinas Development Corporation, Araneta Properties, Inc., SL Agritech Corporaiton, Asiasec Equities, Inc. and Ever-Gotesco Resources and Holdings, Inc. She was the Compliance Officer of Bloomberry Resorts Corporation. She is a director and/or corporate secretary of several private corporations. She was an Auditor and then Tax Lawyer of Sycip, Gorres, Velayo & Co. She is a graduate of Ateneo De Manila University School of Law with a degree of Juris Doctor. She passed the Bar Examination in 1997. Ms. Base is also a Certified Public Accountant. She graduated from De La Salle University with a degree of Bachelor of Science in Commerce major in Accounting.

CLINTON STEVEN LEE, British, 30 years old, has been working for Anchor Land Holdings, Inc. since 2016 under the Office of the Chairman. He heads the Business Development Group as well as the Market Research Group. Mr. Lee graduated from the University of California, Los Angeles, California USA where he obtained his degree of Bachelor of Arts Degree in Sociology.

VIOLETA J. JOSEF, Filipino, 76 years old, was elected as Independent Director of the Company. She completed her Bachelor in Business Administration from the University of East. She is a Certified Public Accountant and received her Masters Degree in Business Administration-Top Executive Program from the Pamantasan ng Lungsod ng Maynila where she is now a part-time Lecturer in PLM's Graduate School of

Business. She also completed her General Management Executive Program at the National University of Singapore, Faculty of Business Administration in 1992. She held various executive positions such as Senior Vice-President, Treasurer, Controller and Director at the Multinational Group of Companies from 1972-2014. She started her career in public practice in SGV and Co. immediately after completing her Bachelor's Degree. Ms. Josef was also a former board member of the Professional Regulatory Board of Accountancy, for years 1995 to 1998. She has held several positions in various professional and civic organizations, such as Past National President of the Philippine Institute of Certified Public Accountants in 2013-2014, Deputy Vice-President of the Philippine Federation of Professional Associations in 2014-2016, life-time member of the Philippine Association of Professional Regulatory Board Members since 1995, Past President of the Association of CPAs in Commerce and Industry in 1986 and a former member of the Auditing Standards and Practices Council. As PICPA President, she was a board and council member of various international accountancy organizations, such as the Asean Federation of Accountants (AFA), the Confederation of Asian and Pacific Accountants (CAPA) and the International Federation of Accountants (IFAC).

MA. VICTORIA A. VILLALUZ, Filipino, 69 years old, is the Lead Independent Director of the Company. She is a Member of the Integrated Bar of the Philippines, the UP Women Lawyers' Circle and the Tax Management Association of the Philippines where she also served as President in 2010. She previously worked with Sycip, Gorres, Velayo & Co. from 1980 until her retirement in 2014 as a Partner in the Tax Services Group where she provided, among others, tax advisory and tax planning, as well as quality and risk management, services to clients from various industries such as utilities (power, water, oil and gas), telecommunications, entertainment, engineering and construction, real estate, hotel, transportation, trading and manufacturing. Ms. Villaluz is an accredited lecturer in the Mandatory Continuing Legal Education (MCLE) prescribed by the Supreme Court for lawyers; she was also the tax training director for the Arthur Anderson New Tax Seniors' Training Seminar in Penang Malaysia until 2001 and was a lecturer in the Arthur Andersen New Manager's training seminars in St. Charles, Illinois. Ms. Villaluz obtained her Bachelor of Arts in Philosophy and her Bachelor of Laws from the University of the Philippines.

NEIL Y. CHUA, Filipino, 52 years old, is the Director and Chief Finance Officer of Anchor Land Holdings, Inc. since 2013 and 2009, respectively. Neil Y. Chua has worked with various accounting firms before joining Anchor Land Holdings, Inc. He was a senior manager at KPMG, Auckland, New Zealand from March 2008 to May 2009; Purwantono, Sarwoko & Sandjaja / Ernst & Young, Indonesia from October 2002 to February 2008. He was also an Andersen Worldwide Manager of Prasetio, Utomo & Co/Andersen, Indonesia and a supervisor at SGV & Co./Arthur Andersen, Philippines from November 1991 to September 1996. Mr. Chua obtained his Bachelor of Accountancy from the University of San Carlos Cebu City. He is also a Certified Public Accountant and a member Philippine Institute of Certified Public Accountant since 1992.

EDWIN LEE, Filipino, 65 years old, was elected as a Director of Anchor Land Holdings, Inc. on June 28, 2012 but only assumed office on April 2, 2013 i.e., when the SEC approved the amendment of the Company's Articles of Incorporation which effectively increased the number of Directors from seven (7) to nine (9). He served as the Senior Assistant Vice President at the Office of the President of SM Investments Corporation. He graduated from De La Salle University with a Bachelor of Science Degree in Commerce major in Business Management. Mr. Lee passed away last December 14, 2022.

Key Officers

The members of the management team aside from those mentioned above are as follows:

HONORIO A. ALVAREZ, JR., Filipino, 54 years old, is the Assistant Vice-President for Engineering. He was formerly the General Manager and Vice President of DD Happy Homes Residential Centers, Inc., a subsidiary of Double Dragon Properties, from June 2015 to January 2017. He also served as the Senior Assistant Vice President-Project Management Head, High Rise Division/Special Projects of Eton Properties Philippines, Inc. from March 2011 to March 2015. He graduated from the University of Santo Tomas with a Bachelor of Science in Civil Engineering in 1989.

EDWIN L. AQUINO, Filipino, 45 years old, was the Internal Audit Manager at Anchor Land Holdings, Inc. He is a Certified Public Accountant and a Certified Internal Auditor. He was a former Audit Head of the Century Properties Group from May 2015 to April 2019. He was also previously an Audit Manager of the Siycha Group of Companies, Watsons Personal Care Stores (Philippines), Inc., Steel Asia Manufacturing Corporation, and a Senior Internal Auditor of San Miguel Corporation Group. He obtained his Bachelor of Science in Accountancy degree at the University of the East in 1998. Mr. Acquino has resigned effective November 16 ,2022.

BERNARD FLORENCIO MANUEL, Filipino, 37 year old, is now the Internal Audit of Manager of Anchor Land Holdings, Inc, who assumed office last March 1, 2023. He is a Certified Internal Auditor. He was a former Audit Manager of Autohub Group of Companies. Internal Audit Manager of Megawide Construction Corporation and Risk Supervisor of JG Summit Holdings, Inc.(Back Audit). He obtained his Bachelor's degree from Maupa University.

BENJAMIN C. ABORDO, Filipino, 54 years old, is ther AVP for Procument of Anchor Land Holdings, Inc. He is a former member of Philippine Institute of Supply Management. He worked as AVP Procurement at Raemulan Lance Inc., Supply Chain Manager of ProliftGroup of Companies, Procurement Manage of Aboitiz Transport System and as Procurement Manager at Sidem, UAE. He graduated from University of the East.

(2) **Significant Employees**

No single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all its employees as instrumental to the success of the Company.

(3) **Family Relationships**

Aside from Mr. Charles Stewart Lee and Mr. Clinton Steven Lee, there are no family relationship, either by affinity or consanguinity up to the fourth civil degree among the directors, executive officers and persons nominated and chosen by the Company to become directors and executive officers.

(4) **Involvement in Certain Legal Proceedings**

The Company is not aware of any bankruptcy petition of any civil or criminal legal proceedings filed against any one of its directors or executive officer during the past five (5) years. Also, there are no material legal proceedings to which the Company or its subsidiary or any of their properties are involved in or subject to any legal proceedings which would have material effect adverse on the business or financial position of the Company or its subsidiaries.

As at December 31, 2022, the Group is not involved in any litigation it considers material. However, the Group's directors and officers were not spared from having their names dragged in legal disputes instituted by disgruntled persons with whom they transacted with. For the past five (5) years, the Group's directors and officers were wrongfully impleaded in several labor cases which were accordingly dismissed by the concerned tribunals where they were filed.

Item 10. Executive Compensation

(1) Compensation Table

Information as to the aggregate compensation during the last three (3) fiscal years paid to the Company's officers and other most highly compensated executive officers as a group is as follows:

Name and Principal Position	Fiscal Year	Total Group Salary	Total Group Bonus	Other Annual Compensation
1. Steve Li - CEO 2. Digna Elizabeth L. Ventura - President 3. Neil Y. Chua - CFO 4. Honorio Alvarez - AVP Engineering 5. Jonathan Yap – AVP Engineering	Actual 2020	₱35.8M	₱1.4M	
	Actual 2021	₱39.3M	-₱0-	
	Actual 2022	₱46.1M	-₱0-	
	Projected 2023	₱47.5M	-₱0-	
All other officers and directors as a group - unnamed	Actual 2020	₱34.1M		
	Actual 2021	₱34.7M		
	Actual 2022	₱31.1M		
	Projected 2023	₱32.5M		

(2) Compensation of Directors

Under the By-Laws of the Company, by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders.

The total annual compensation of the Board of Directors is ₱6.9 million.

Other than those mentioned above, there are no other arrangements for compensation either by way of payments for committee participation or special assignments. There are also no outstanding warrants or options held by the Company's Chief Executive Officer and other officers and/or directors.

(3) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no special contracts of employment between the Company and the named directors and executive officers, as well as special compensatory plans or arrangements, including payments to be received from the Company with respect to any named directors or executive officers. All other employees are either hired as regular, project based or fixed-term engagement. Termination of employees are with valid cause, or may due to end of contract or project.

Item 11. Security Ownership of Certain Record & Beneficial Owners and Management

(1) **Security Ownership of Certain Record and Beneficial Owners**

There were no delinquent stocks, and the direct and indirect record and beneficial owners of more than five percent (5%) of the Company's voting securities as at December 31, 2022 are as follows:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial ownership and relationship with record owner	Citizenship	No. of Shares	Percentage Held Per Class	Percentage Held Out of the Total Outstanding Shares
Common Preferred	**LTC Prime Holdings, Inc.** Lots 2-7, Kaingin Road, Multinational Village, Paranaque City	LTC Prime Holdings, Inc.	Filipino	248,108,100 120,134,048	23.86% 34.65%	26.56%
Common Preferred	**Sybase Equity Investments Corporation**	Sybase Equity Investments Corporation	Filipino	202,609,200 67,609,400	19.48% 19.50%	19.49%
Common Preferred	**Steve Li** 15th Floor, L.V. Locsin Bldg. 6752 Ayala Avenue corner Makati Avenue, Makati City	Steve Li	Hong Kong National	156,000,000 52,000,000	15.00% 15.00%	15.00%
Common Preferred	**Cindy Sze Mei Ngar** Room 21B Ocean Tower Roxas Boulevard, Manila	Cindy Sze Mei Ngar	British	155,999,298 51,999,766	15.00% 15.00%	15.00%
Common	**PCD Nominee Corporation (Non-Filipino)**	Various clients and PDTC participants who hold the shares on behalf of their clients.	Non-Filipino	63,133,300	6.07%	

As at December 31, 2022, the following are known to the Company as participants of the PCD holding 5% or more of the Company's common shares:

Title	Member Name / Address	No. of Shares	Percentage Held
Common	**Lucky Securities Corporation** Unit 1402 b, Philippine Stock Exchange Center, Exchange Road, Pasig City	226,844,290	47.34%
Common	**BDO Securities Corporation** 20th Floor BDO Corporate Centre BDO South Tower Makati Avenue, Makati City	66,720,554	13.92%
Common	**COL Financial Group Inc.** Unit 2401B East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City	61,403,090	12.81%
Common	**Eastern Securities Development Corporation** Unit 1603-1605 PSE Tower 5th Avenue corner 28th St. BGC Taguig City address	60,017,700	12.53%
Common	**HSBC Clients Account** 7th Floor HSBC Centre 3058 5th Avenue West Bonifacio Global City Taguig City	51,000,000	10.64%

(2) **Security Ownership of Management**

The following is a summary of the aggregate shareholdings of the Company's directors and executive officers in the Company and the percentage of their shareholdings as at December 31, 2022:

Title of Class	Name of Beneficial Owner / Address	Amount and Nature of Beneficial Ownership	Citizenship	Percentage Per Class of Share	Percentage Held Out of the Total Outstanding Shares
Common	**Charles Stewart Sze Lee** Chairman /Director Rm. 21B Ocean Tower, Roxas Boulevard, Manila	15,000,900 Direct	British National	1.50%	0.00%
Common	**Steve Li** Vice-Chairman/Director Rm. 16-A Ocean Tower, Roxas	156,000,000 Direct	Hong Kong National	15.00%	15.00%
Preferred	Boulevard, Manila	52,000,000 Direct		15.00%	
Common	**Avelino M. Guzman, Jr.** Director Unit 403 Alfaro Place Condominium, 146 L.P. Leviste St., Salcedo Village, Makati City, Philippines	1,000 Direct	Filipino	0.00%	0.00%

Title of Class	Name of Beneficial Owner / Address	Amount and Nature of Beneficial Ownership	Citizenship	Percentage Per Class of Share	Percentage Held Out of the Total Outstanding Shares
Common	**Christine P. Base** Corporate Secretary/Director 8/F Chatham House, 116 Valero St., Salcedo Village, Makati City	300,003 Direct	Filipino	0.03%	0.03%
Preferred		100,000 Direct		0.03%	
Common	**Lorna Pangilinan** Independent Director Unit 8G, The Shang Grand Tower, Perea corner Dela Rosa Streets, Makati City	1000 Direct	Filipino	0.00%	0.00%
Common	**Digna Elizabeth Ventura** President/Director 11/F LV Locsin Bldg., Ayala Avenue Makati City	300 Direct	Filipino	0.00%	0.00%
Preferred		100 Direct		0.00%	
Common	**Clinton Steven Lee** Director 11/F LV Locsin Bldg., Ayala Avenue Makati City	603,490 Direct	British National	0.00%	0.00%
Common	**Violeta Josef** Independent Director 217 Santiago St., Ayala Alabang Village, Muntinlupa City	1,000 Direct	Filipino	0.00%	0.00%
Common	**Ma. Victoria Villaluz** Independent Director 116 J. P. Rizal St., Project 4, Quezon City	1,000 Direct	Filipino	0.00%	0.00%
Common	**Neil Y. Chua** Chief Financial Officer/Director 11/F LV Locsin Bldg., Ayala Avenue Makati City	5,400 Direct	Filipino	0.00%	0.00%
Preferred		1,800 Direct		0.00%	
	TOTAL FOR THE GROUP				**16.53%**

(3) **Voting Trust Holders of 5% or More**

There is no voting trust or similar arrangement executed among holders of five percent (5%) or more of the issued and outstanding shares of common stock of the Company.

(4) **Changes in Control**

The Company's Articles and By-Laws do not contain any provision that will delay, deter, or prevent a change in control of the Company. However, because the Company owns land, Philippine laws limit foreign shareholdings in the Company to a maximum of 40% of its issued and outstanding capital stock. Any transfer of the Company's shares by Filipinos to Non-Filipinos will be subject to the limitation that any such transfer will not cause foreign shareholdings in the Company to exceed 40% of the Company's issued and outstanding capital stock. In the event that foreign ownership of the Company's issued and outstanding capital stock will exceed 40%, the Company has the right to reject a transfer request to persons other than Philippine National or corporations organized under Philippine laws and whose capital stock is at least 60% owned by Filipinos and has the right not to record such purchases in the books of the Company.

Item 12. Certain Relationships and Related Transactions

(1) As at December 31, 2022, the following is a summary of the Group's director who owned ten percent (10%) or more of the outstanding shares of the Company:

Name of Company and Director	Position Held	Percentage of Voting Securities
Steve Li	Vice-Chairman and Chief Executive Officer	15.00%

(2) **Related Party Transactions**

The Group, in the normal course of business, enters into transaction with related parties consisting primarily of non-interest bearing advances for working capital requirements.

Outstanding balances with related parties included in the appropriate accounts in the consolidated balance sheets are as follows:

<u>Advances to related parties</u>

	2022	2021	2020
Advances to related parties	–	–	–
Advances from related parties	–	–	–

Compensation of key management personnel pertaining to directors' fees and allowances amounted to ₱1.9 million in 2022, 2021 and 2020.

No transaction was entered by the Group with parties who are not considered related parties but with whom the Group or its related parties have a relationship that enables the parties to negotiate terms of material transactions.

There were no transactions with promoters in the past five years.

PART IV. EXHIBITS AND SCHEDULES

Item 13. Corporate Governance

As indicated in the SEC Memorandum Circular No. 15 Series of 2017, all publicly listed companies shall submit a fully accomplished Integrated Annual Corporate Governance Report (I-ACGR) on May 30 of the following year for every year that the company remains listed in the PSE.

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

The Audited Financial Statements ending December 31, 2022 are hereto attached and incorporated by reference as Annex "A".

The sustainability report of the company is also attached and incorporated as Annex "B".

(b) Reports on SEC Form 17-C

Date of Report	Nature of Item Reported
April 21, 2022	Notice of Annual or Special Stockholders' Meeting
April 21, 2022	Declaration of Cash Dividends
April 22, 2022	Resignation of Compliance Officer
May 16, 2022	Approval of Annual Report
July 15, 2022	Results of the Annual Meeting
July 15, 2022	Results of the Organizational Meeting of the Board of Directors
December 15, 2022	Death of Director Edwin Lee

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of QUEZON CITY on APR 13 2023, 2023.

By:

DIGNA ELIZABETH VENTURA President	**CHARLES STEWART LEE** Chairman of the Board
NEIL CHUA Chief Financial Officer	**CHRISTINE P. BASE** Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ day of APR 13 2023, 2023, affiant(s) exhibiting to me their valid Identification cards as follows:

NAMES	VALID IDENTIFICATION
DIGNA ELIZABETH VENTURA	TIN: 938-315-211
CHARLES STEWART LEE	TIN: 278-053-354
CHRISTINE P. BASE	IBP Lifetime Member ID No. 08661/Albay Chapter
NEIL Y. CHUA	Tin No. 129-433-817

Doc. No. 045;
Page No. 10;
Book No. III;
Series of 2023.

ATTY. SONIA S. CANONIZADO
Notary Public for Quezon City
Adm. Matter No. 018 (2023-2024)
Until December 31, 2024
No.19 Marunong Street,
Central District, Quezon City
Roll of Attorney No. 53968
PTR No. 4028222-1/3/23 Quezon City
Lifetime IBP No. 06634
MCLE Compliance No. VII-0016515 / 4-14-2025

COVER SHEET

SEC Registration Number

C	S	2	0	0	4	1	1	5	9	3

COMPANY NAME

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES

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

15th Floor, L.V. Locsin Building, 6752 Ayala Avenue corner Makati Avenue, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	PSEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
pacisreyes@pacisreyes.com	(02) 8844-3906	0932-8555056

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month / Day)
90	July 15	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
Christine P. Base	cpbase@legisforum.com	(02) 8844-3906	0922-8952184

CONTACT PERSON's ADDRESS

8F, Chatham House, 116 Valero St. Salcedo Village, Makati City

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

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

ANCHOR LAND

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Anchor Land Holdings, Inc. and its subsidiaries** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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.

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

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

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group 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.

CHARLES STEWART SZE LEE
Chairman of the Board

STEVE LI
Vice Chairman of the Board/Chief Executive Officer

NEIL Y. CHUA
Treasurer

Signed this 27th day of March 2023

SGV
Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Anchor Land Holdings, Inc.
15th Floor, L.V. Locsin Building
6752 Ayala Avenue corner Makati Avenue
Makati City

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

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

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; and (2) application of the output method as the measure of progress (percentage of completion or POC) in determining real estate revenue.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as past history with the buyer, and the pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of the COVID-19 pandemic, if it would still support its current threshold of buyer's equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's specialists (project engineers).

The disclosures related to the real estate revenue are included in Notes 2 and 3 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process.

For the buyer's equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We also considered the impact of the COVID-19 pandemic to the number of cancellations during the year and checked whether the buyer's equity would remain reasonable despite the trend. We traced the analysis to supporting documents such as official receipts, deposit slips, and bank statements.

For the application of the output method in determining real estate revenue, we obtained an understanding of the Group's processes for determining the POC, and performed tests of the relevant controls. We obtained the certified POC reports prepared by the project engineers and assessed their competence and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries, including inquiries on how the COVID-19 pandemic affected the POC during the year, and obtained the supporting details of POC reports showing the completion of the major activities of the project construction.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 Jennifer D. Ticlao.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
Tax Identification No. 245-571-753
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1758-A (Group A)
Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-110-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9566008, January 3, 2023, Makati City

March 27, 2023

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱1,291,884,786**	₱1,267,238,727
Receivables (Note 5)	**1,763,835,262**	3,066,536,677
Real estate for development and sale (Note 6)	**11,849,733,498**	8,745,706,850
Other current assets (Note 7)	**2,576,399,323**	2,352,647,096
	17,481,852,869	15,432,129,350
Noncurrent Assets		
Receivables - net of current portion (Note 5)	**639,190,962**	780,292,010
Property and equipment (Note 8)	**3,551,689,998**	2,979,845,960
Investment properties (Note 9)	**16,605,151,587**	16,857,563,302
Deferred tax assets - net (Note 18)	**203,363,780**	132,343,093
Other noncurrent assets (Note 10)	**649,358,865**	1,092,160,966
	21,648,755,192	21,842,205,331
	₱39,130,608,061	₱37,274,334,681
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 11)	**₱4,914,613,630**	₱3,259,159,270
Lease liabilities - current portion (Note 22)	**44,254,782**	42,946,098
Income tax payable	**141,452,797**	85,508,939
Loans payable - current portion (Note 12)	**6,375,113,384**	3,409,796,317
Customers' advances and deposits - current portion (Note 13)	**3,203,608,812**	2,996,603,171
	14,679,043,405	9,794,013,795
Noncurrent Liabilities		
Accounts and other payables - net of current portion (Note 11)	**787,479,169**	934,093,032
Lease liabilities – net of current portion (Note 22)	**295,849,882**	237,396,090
Loans payable - net of current portion (Note 12)	**13,591,355,092**	17,021,323,375
Customers' advances and deposits - net of current portion (Note 13)	**196,037,973**	309,961,991
Deferred tax liabilities - net (Note 18)	**350,309,731**	223,672,356
Pension liabilities (Note 17)	**64,561,682**	74,339,722
	15,285,593,529	18,800,786,566
	₱29,964,636,934	₱28,594,800,361

(Forward)

	December 31	
	2022	2021
Equity (Note 19)		
Equity attributable to equity holders of Anchor Land Holdings, Inc.		
Capital stock		
Common stock	**₱1,040,001,000**	₱1,040,001,000
Preferred stock	**346,667,000**	346,667,000
Additional paid-in capital	**632,687,284**	632,687,284
Other comprehensive income	**70,628,933**	52,493,749
Retained earnings		
Appropriated	**6,372,200,000**	5,071,200,000
Unappropriated	**724,963,701**	1,560,799,790
	9,187,147,918	8,703,848,823
Non-controlling interests	**(21,176,791)**	(24,314,503)
	9,165,971,127	8,679,534,320
	₱39,130,608,061	₱37,274,334,681

See accompanying Notes to Consolidated Financial Statements.

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
REVENUE			
Real estate sales (Note 21)	**₱2,717,699,078**	₱2,768,504,302	₱2,125,814,640
Rental income (Notes 9, 13, 21 and 22)	**1,093,091,951**	1,067,144,160	1,022,465,244
Management fee (Note 21)	**34,702,625**	33,344,842	30,946,839
Hotel operation (Note 21)*	**79,784,426**	–	–
Interest and other income (Notes 4, 5, 15 and 21)	**554,750,392**	505,559,988	719,611,095
	4,480,028,472	4,374,553,292	3,898,837,818
COSTS AND EXPENSES			
Real estate (Notes 6, 16 and 21)	**2,311,905,168**	2,598,803,247	2,247,861,019
Hotel operation (Notes 16 and 21)*	**81,621,848**	–	–
Selling and administrative (Notes 16 and 21)	**1,281,004,660**	1,205,843,097	1,087,891,011
Finance costs (Notes 12, 17, 21 and 22)	**116,660,624**	48,792,991	53,222,838
	3,791,192,300	3,853,439,335	3,388,974,868
INCOME BEFORE INCOME TAX	**688,836,172**	521,113,957	509,862,950
PROVISION FOR INCOME TAX (Note 18)	**172,901,371**	101,888,060	158,472,224
NET INCOME	**515,934,801**	419,225,897	351,390,726
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss in subsequent years:			
Actuarial gain on pension liabilities (Note 17)	**24,122,362**	16,079,454	50,045,789
Income tax effect (Note 18)	**(5,987,178)**	(1,226,106)	(15,013,737)
	18,135,184	14,853,348	35,032,052
TOTAL COMPREHENSIVE INCOME	**₱534,069,985**	₱434,079,245	₱386,422,778
Net income (loss) attributable to:			
Equity holders of Anchor Land Holdings, Inc.	**₱517,547,353**	₱432,838,636	₱349,648,848
Non-controlling interests	**(1,612,552)**	(13,612,739)	1,741,878
	₱515,934,801	₱419,225,897	₱351,390,726
Total comprehensive income (loss) attributable to:			
Equity holders of Anchor Land Holdings, Inc.	**₱535,682,537**	₱447,691,984	₱384,613,372
Non-controlling interests	**(1,612,552)**	(13,612,739)	1,809,406
	₱534,069,985	₱434,079,245	₱386,422,778
Basic/Diluted Earnings Per Share (Note 23)	**₱0.47**	₱0.39	₱0.31

See accompanying Notes to Consolidated Financial Statements.
**The commercial operation of Hotel started on July 1, 2022.*

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of Parent						Attributable to Non-controlling Interests	Total
	Common Stock (Note 19)	Preferred Stock (Note 19)	Additional Paid-in Capital	Other Comprehensive Income	Retained Earnings (Note 19) Appropriated	Retained Earnings (Note 19) Unappropriated		
At January 1, 2022	₱1,040,001,000	₱346,667,000	₱632,687,284	₱52,493,749	₱5,071,200,000	₱1,560,799,790	(₱24,314,503)	₱8,679,534,320
Net income	–	–	–	–	–	517,547,353	(1,612,552)	515,934,801
Other comprehensive income	–	–	–	18,135,184	–	–	–	18,135,184
Total comprehensive income	–	–	–	18,135,184	–	517,547,353	(1,612,552)	534,069,985
Change in non-controlling interests (Note 1)	–	–	–	–	–	(3,850,062)	4,750,264	900,202
Dividends declared	–	–	–	–	–	(48,533,380)	–	(48,533,380)
Appropriated during the year	–	–	–	–	1,751,000,000	(1,751,000,000)	–	–
Release from appropriations	–	–	–	–	(450,000,000)	450,000,000	–	–
At December 31, 2022	₱1,040,001,000	₱346,667,000	₱632,687,284	₱70,628,933	₱6,372,200,000	₱724,963,701	(₱21,176,791)	₱9,165,971,127
At January 1, 2021	₱1,040,001,000	₱346,667,000	₱632,687,284	₱37,640,401	₱4,570,000,000	₱1,677,694,534	(₱9,201,764)	₱8,295,488,455
Net income	–	–	–	–	–	432,838,636	(13,612,739)	419,225,897
Other comprehensive income	–	–	–	14,853,348	–	–	–	14,853,348
Total comprehensive income	–	–	–	14,853,348	–	432,838,636	(13,612,739)	434,079,245
Deconsolidation from loss of control (Note 1)	–	–	–	–	–	–	(1,500,000)	(1,500,000)
Dividends declared	–	–	–	–	–	(48,533,380)	–	(48,533,380)
Appropriated during the year	–	–	–	–	551,200,000	(551,200,000)	–	–
Release from appropriations	–	–	–	–	(50,000,000)	50,000,000	–	–
At December 31, 2021	₱1,040,001,000	₱346,667,000	₱632,687,284	₱52,493,749	₱5,071,200,000	₱1,560,799,790	(₱24,314,503)	₱8,679,534,320
At January 1, 2020	₱1,040,001,000	₱346,667,000	₱632,687,284	₱2,675,877	₱4,670,000,000	₱1,349,379,136	(₱11,011,170)	₱8,030,399,127
Net income	–	–	–	–	–	349,648,848	1,741,878	351,390,726
Other comprehensive income	–	–	–	34,964,524	–	–	67,528	35,032,052
Total comprehensive income	–	–	–	34,964,524	–	349,648,848	1,809,406	386,422,778
Release from appropriations	–	–	–	–	(100,000,000)	100,000,000	–	–
Dividends declared	–	–	–	–	–	(121,333,450)	–	(121,333,450)
At December 31, 2020	₱1,040,001,000	₱346,667,000	₱632,687,284	₱37,640,401	₱4,570,000,000	₱1,677,694,534	(₱9,201,764)	₱8,295,488,455

See accompanying Notes to Consolidated Financial Statements.

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱688,836,172**	₱521,113,957	₱509,862,950
Adjustments for:			
Depreciation and amortization (Notes 8, 9, 10 and 16)	**336,895,647**	296,318,103	292,032,970
Interest income (Note 15)	**(240,429,181)**	(386,866,434)	(537,710,804)
Finance costs (Notes 12, 17, 21 and 22)	**116,660,624**	48,792,991	53,222,838
Pension costs (Note 17)	**10,620,412**	12,364,754	18,339,809
Loss on demolition (Notes 9 and 16)	–	108,796,357	–
Operating income before working capital changes	**912,583,674**	600,519,728	335,747,763
Decrease (increase) in:			
Receivables	**1,444,802,465**	1,482,569,915	1,099,026,187
Real estate for development and sale (Notes 6 and 12)	**(1,187,049,877)**	(853,766,144)	(415,346,345)
Other assets	**330,040,806**	(226,394,071)	(208,006,120)
Increase (decrease) in:			
Accounts and other payables	**1,483,722,387**	294,626,148	254,241,065
Customers' advances and deposits	**93,081,623**	(178,119,190)	310,529,735
Net cash generated from operations	**3,077,181,078**	1,119,436,386	1,376,192,285
Interest received	**240,429,181**	386,866,434	537,710,804
Income taxes paid *(including creditable withholding taxes)*	**(179,243,317)**	(187,473,663)	(408,681,073)
Interest paid (Note 12)	**(86,023,359)**	(89,522,599)	(17,000,123)
Net cash provided by operating activities	**3,052,343,583**	1,229,306,558	1,488,221,893
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment (Notes 8 and 12)	**(302,014,046)**	(327,437,876)	(597,056,929)
Investment properties (Notes 9 and 12)	**(2,109,331,794)**	(1,981,635,959)	(1,932,661,913)
Software and brand development costs	**(785,110)**	(621,275)	(4,829,125)
Net cash used in investing activities	**(2,412,130,950)**	(2,309,695,110)	(2,534,547,967)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan availments	**3,611,774,480**	7,701,903,757	4,075,999,368
Payments of:			
Lease liabilities (Note 22)	**(70,111,071)**	(57,686,211)	(55,578,467)
Loans payable	**(4,108,696,603)**	(6,623,337,266)	(2,666,559,932)
Dividends (Note 19)	**(48,533,380)**	(48,533,380)	(121,333,450)
Net cash provided by (used in) financing activities (Note 24)	**(615,566,574)**	972,346,900	1,232,527,519
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**24,646,059**	(108,041,652)	186,201,445
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,267,238,727**	1,375,280,379	1,189,078,934
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱1,291,884,786**	₱1,267,238,727	₱1,375,280,379

See accompanying Notes to Consolidated Financial Statements.

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Corporate Information

Anchor Land Holdings, Inc. (the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 29, 2004. The Parent Company started its operations on November 25, 2005 and eventually traded its shares to the public in August 2007. The registered office address of the Parent Company is at 15th Floor, L.V. Locsin Building, 6752 Ayala Avenue corner Makati Avenue, Makati City.

Below are the Parent Company's subsidiaries with its respective percentage ownership in 2022 and 2021:

	2022		2021	
	Direct	**Indirect**	Direct	Indirect
Posh Properties Development Corporation (PPDC)	**100.00%**	–	100.00%	–
Realty & Development Corporation of San Buenaventura	–	**100.00%**	–	100.00%
Pasay Metro Center, Inc.	–	**100.00%**	–	100.00%
Basiclink Equity Investment Corp. (BEIC)*	–	**60.00%**	–	60.00%
Anchor Properties Corporation or APC (formerly Manila Towers Development Corporation)	**100.00%**	–	100.00%	–
Admiral Realty Company, Inc. (ARCI)	–	**100.00%**	–	100.00%
Gotamco Realty Investment Corporation (GRIC)	–	**100.00%**	–	100.00%
Irenealmeda Realty, Inc.	–	**100.00%**	–	100.00%
Nusantara Holdings, Inc.	–	**100.00%**	–	100.00%
Fersan Realty Corporation (FRC)	–	**100.00%**	–	100.00%
One Binondo Prime Properties Corp. (OBPPC)	–	**100.00%**	–	100.00%
Globeway Property Ventures, Inc. (GPVI)	**70.00%**	–	70.00%	–
Anchor Land Hotels & Resorts, Inc. (ALHRI)	**100.00%**	–	100.00%	–
Momentum Properties Management Corporation (MPMC)	**100.00%**	–	100.00%	–
Eisenglas Aluminum and Glass, Inc. (EAGI)	–	**100.00%**	–	40.00%
Marathon Properties Management and Holdings, Corporation (MPMHC)	–	**100.00%**	–	100.00%
Anchor Land Global Corporation (ALGC)	**100.00%**	–	100.00%	–
1080 Soler Corp.	–	**100.00%**	–	100.00%
Frontier Harbor Property Development, Inc. (FHPDI)	–	**60.00%**	–	100.00%
BEIC*	–	**40.00%**	–	40.00%
Teamex Properties Development Corporation (TPDC)	–	**100.00%**	–	100.00%
Wework Realty Development Corporation (WRDC)	–	**100.00%**	–	100.00%

**BEIC is a wholly owned subsidiary of the Parent Company through PPDC and ALGC which own percentage ownership of 60% and 40%, respectively, over BEIC.*

All of the Parent Company's subsidiaries were incorporated and domiciled in the Philippines.

The Parent Company and its subsidiaries (collectively called "the Group") have principal business interest in the development and sale of high-end residential condominium units and in the development and leasing of commercial, warehouse and office spaces. MPMC provides property management services to the Group's completed projects, commercial centers and buyers. ALHRI was incorporated in June 2017 to engage in the Group's hotel and resort operations. TPDC and WRDC were incorporated in September 2018 and November 2018, respectively, to engage in the Group's property development operations. As at December 31, 2022, FRC, TPDC and WRDC have not yet started commercial operations.

ALHRI has started its commercial operation on July 1, 2022.

In 2020, EAGI has stopped its operations. EAGI is previously engaged in the fabrication and installation of aluminum and glass doors and windows.

The following are the changes in the Group's structure in 2022 and 2021 (see Note 3):

For the year-ended December 31, 2022:

- MPMC acquired the 40% non-controlling interests (NCI) in EAGI from a number of individuals. The acquisition resulted in an increase in the Group's ownership interest in EAGI from 60% to 100% and derecognition of NCI amounting to ₱4.71 million; and
- ALGC sold 40% of the voting shares of FHPDI to a third-party corporation. The sale resulted in a decrease in the Group's ownership interest in FHPDI from 100% to 60% and recognition of NCI directly to equity amounting to ₱0.04 million.

The above transactions resulted in addition (reduction) to retained earnings amounting to (₱4.81 million) and ₱0.96 million, respectively.

For the year ended December 31, 2021:

- GRIC acquired 100% of the voting shares of OBPPC, a company registered in the Philippines whose principal activity is to engage in property development (see Note 9);
- MPMC acquired 100% of the voting shares of MPMHC, a company registered in the Philippines whose principal activity is to provide property management services to the Group; and
- BEIC sold 70% of the voting shares of All Farm Genetic Venture Corp. (AFGVC) to a number of individuals. The sale resulted in a loss of control in AFGVC and deconsolidation by the Group.

The proportion of equity interest held by the Group's subsidiaries with NCI are as follows:

	2022	2021
GPVI	**30%**	30%
FHPDI	**40%**	–
EAGI	–	40%

Authorization for the Issuance of the Financial Statements
The consolidated financial statements of the Group as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022 were approved and authorized for issuance by the Board of Directors (BOD) on March 27, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation
The consolidated financial statements of the Group have been prepared using the historical cost basis. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency and presentation currency under Philippine Financial Reporting Standards (PFRSs). All amounts are rounded to the nearest peso, except when otherwise indicated.

The accompanying consolidated financial statements have been prepared under the going concern assumption. Considering the evolving nature of the COVID-19 pandemic with its inherent uncertainties on businesses, the Group will continue to monitor the situation and adopt appropriate risk management procedures and business continuity strategies in order to mitigate its adverse impact.

The accompanying consolidated financial statements, are prepared in accordance with PFRSs, as modified by the application of the following reporting reliefs issued and approved by the Philippine SEC under Memorandum Circular No. 34-2020 in response to the COVID-19 pandemic:

a. Deferral of the application of Philippine Interpretations Committee (PIC) Q&A No. 2018-12, *accounting for significant financing component* and the *exclusion of land in the calculation of percentage of completion (POC)*; and
b. Deferral of the application of IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under Philippine Accounting Standards (PAS) 23*, Borrowing Cost*.

SEC Memorandum Circular No. 34-2020 further allowed the deferral of application of these accounting pronouncements for another three years, or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the Adoption of New and Amended Accounting Standards and Interpretations section of Note 2.

PFRSs include PFRS, PAS and Interpretations issued by the PIC.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries, entities over which the Parent Company has control.

Specifically, the Parent Company controls an investee if and only if the Parent Company has all the following:

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

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

- Any contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and,
- The Parent Company's voting rights and potential voting rights.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date when such control ceases.

Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the date the Parent Company gains control or until the date when the Parent Company ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions and gains and losses resulting from intra-group transactions and dividends are eliminated in full. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to NCI, even if this results in the NCI having a deficit balance.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Parent Company loses control over a subsidiary, it:

- Derecognizes the assets and liabilities of the former subsidiary from the consolidated statements of financial position.
- Recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant PFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with PFRS 9, *Financial Instruments* or, when appropriate, the cost on initial recognition of an investment in associate or joint venture.
- Recognizes the gain or loss of control attributable to the former controlling interest.

Non-controlling Interests
NCI represent the portion of income and expense and net assets in subsidiaries that are not held by the Parent Company and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separate from the equity attributable to the equity holders of the Parent Company.

Changes in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial years, except for the following new and amended PFRSs which were adopted beginning January 1, 2022. The adoption of these pronouncements did not have any significant impact to the Group's consolidated statements of financial position and performance unless otherwise indicated.

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

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

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

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

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

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

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

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

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

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

    The amendments clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

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

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

<u>Standards and Interpretation Issued but Not yet Effective</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect the future adoption of these pronouncements to have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

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

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

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

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

- Amendments to PAS 8, *Definition of Accounting Estimates*

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

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

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

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

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

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact to the Group.

Effective beginning on or after January 1, 2024

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

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

The Group is currently assessing the impact the amendments will have on current practice.

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

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

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

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

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

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

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

Deferred Effectivity

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

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

On January 13, 2016, the FRSC deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Group does not expect these amendments to have significant impact to the consolidated financial statements because it does not currently have interests in associates and joint ventures.

- *Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)*

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

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

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

  The SEC MC also provided the mandatory disclosure requirements should the Group decides to avail of any relief. Disclosures should include:

  a. The accounting policies applied.
  b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
  c. Qualitative discussion of the impact on the consolidated financial statements had the concerned application guidelines in the PIC Q&A been adopted.
  d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculations under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

  In November 2020, the PIC issued PIC Q&A 2020-04 which provides additional guidance on determining whether the transaction price includes a significant financing component.

The Group availed of the SEC reliefs to defer the above specific provisions of PIC Q&A No. 2018-12. Had these provisions been adopted, the Group assessed that the impact would have been as follows:

- The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments explicit in the contract to sell would constitute a significant financing component. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. Currently, any significant financing component arising from the mismatch discussed above is not considered for revenue recognition purposes.

- The exclusion of land in the determination of POC would reduce the POC of ongoing real estate projects resulting in a decrease in beginning retained earnings as well as a decrease in the revenue from real estate sales in 2022.

The above would have impacted the consolidated cash flows from operations and cash flows from financing activities for all years presented.

On July 8, 2021, Philippine SEC issued SEC MC No. 14 - 2021 that provided accounting policy option of applying either full retrospective approach or modified retrospective approach when applying the above provisions of PIC Q&A 2018-12.

- *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost)*

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of IFRS 15 (PFRS 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under PAS 23, *Borrowing Costs,* considering that these inventories are ready for their intended sale in their current condition.

  The IFRIC Agenda Decision would change the Group's current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.

  On February 11, 2020, the Philippine SEC issued MC No. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC Agenda Decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

  The Group opted to avail of the relief as provided by the SEC to defer the application of this interpretation. Had the Group adopted the IFRIC Agenda Decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. Adoption of the IFRIC Agenda Decision would have impacted interest expense, cost of sales, provision for deferred income tax, real estate inventories, deferred tax liability and the opening balance of retained earnings. The above would have impacted the consolidated cash flows from operations and cash flows from financing activities for all years presented.

The Group may elect to apply the deferred provision above using full retrospective approach or modified retrospective approach as approved by Philippine SEC, through SEC MC No. 14 - 2021.

Summary of Significant Accounting Policies
The following accounting policies were applied in the preparation of the Group's consolidated financial statements:

Current and Noncurrent Classification
The Group presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification.

An asset is classified as current when it is:
- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months from the reporting date; or,
- cash and cash equivalents, unless restricted from being exchanged or used to settle a liability for at least within 12 months from the reporting date.

A liability is classified as current when:
- it is expected to be settled within the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months from the reporting date; or,
- there is no unconditional right to defer settlement of the liability for at least 12 months from the reporting date.

The Group classifies all other assets and liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash in banks are stated at face amount and earn interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of changes in value.

Financial Instruments
Date of recognition
The Group recognizes a financial asset or a liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

a. Financial assets
   Initial recognition and measurement
   Financial assets are classified, at initial recognition, as financial asset at amortized cost, fair value through OCI (FVTOCI) and fair value through profit of loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables, except for installment contracts receivable, are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on revenue from contracts with customers.

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

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

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments);
- Financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVTPL.

<u>Financial assets at amortized cost</u>
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash and cash equivalents, trade receivables from real estate sales which are included in the installment contracts receivable, rental receivable, due from condominium associations, other receivables, utility and security deposits and construction bond deposits.

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

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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 of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. 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 receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group uses vintage analysis for installment contracts receivable and established provision matrix for the rest of the receivables that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

The key inputs in the model include the Group's definition of default and historical data of five years for the origination, maturity date and default date. The Group considers a financial asset in default when contractual payment are 90 days past due. 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.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, 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 "Accounts and other payables (except "Other taxes payable")", "Lease liabilities", "Loans payable" and other liabilities that meet the above definition (other than liabilities covered by other accounting standards).

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 consolidated statements of comprehensive income.

This category generally applies to accounts and other payables (excluding other taxes and statutory payables), lease liabilities and loans payable.

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 comprehensive income.

c. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount 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 asset and settle the liability simultaneously.

Real Estate for Development and Sale

Real estate for development and sale is constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as inventory and are measured at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs to complete and estimated costs to sell.

Cost includes the purchase price of land and those costs incurred for the development and improvement of the properties such as amounts paid to contractors, capitalized borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Advances to Contractors and Suppliers and Retention Payable

Amounts paid to contractors and suppliers in advance are not part of real estate for development and sale but presented as “Advances to contractors and suppliers” under “Other current assets” and “Other noncurrent assets” in the consolidated statements of financial position.

Advances to contractors and suppliers is carried at cost less any impairment in value.

Advances to contractors and suppliers are classified based on the actual realization of such advances based on the determined usage/realization of the asset to which it is intended for (e.g. real estate for development and sale, investment properties and property and equipment).

Portion of the contractors’ progress billings which are withheld by the Group are presented as “Retention payable” under “Accounts and other payables” in the consolidated statements of financial position. These serve as security from the contractor should there be defects in the project and will be released after the satisfactory completion of the contractors’ work.

Creditable Withholding Tax

Creditable withholding tax pertains to the amounts withheld from income derived from real estate sales, leasing, property management and hotel operation which can be applied against income tax payable.

Value-added Tax (VAT)

Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, if applicable. When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statements of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statements of financial position to the extent of the recoverable amount.

Prepaid Expenses

Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments of rent, insurance premiums and real property taxes. These also include the deferred portion of commissions paid to sales or marketing agents that are yet to be charged to the period the related revenue is recognized.

Other Current Assets

Other current assets include assets that are realized as part of the normal operating cycle and are expected to be realized within 12 months.

Deposits on Real Estate Properties

Deposits on real estate properties represent the Group’s advance payments to real estate property owners for the acquisition of real estate properties. Once the sale is consummated, these deposits will be applied against the selling price of the real estate property acquired.

Deposits on real estate properties is carried at cost less any impairment in value.

Deposits on real estate properties are classified as current or noncurrent based on the realization of such deposits determined with reference to the usage of the asset to which it is intended for (e.g. real estate for development and sale, investment properties or property and equipment).

Property and Equipment

The Group's property and equipment consist of hotel property, leasehold improvements, office equipment, furniture and fixtures, transportation equipment and right-of-use assets that do not qualify as investment properties.

Property and equipment are carried at cost less accumulated depreciation and amortization, and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including capitalized borrowing cost. When significant parts of property and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Depreciation and amortization of property and equipment commences when the assets are available for use and is computed on a straight-line basis over the estimated useful lives (EUL) of the property and equipment as follows:

	Years
Office equipment	2 - 5
Furniture and fixtures	2 - 5
Transportation equipment	3 - 5
Hotel property	50

Leasehold improvements are amortized on a straight-line basis over term of the lease or the EUL of the asset of 2 to 5 years.

The useful life and, depreciation and amortization methods are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and amortization, and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged against current operations.

Investment Properties
Investment properties comprise of properties which are held to earn rentals and properties under construction or redevelopment which will be held for rental upon completion as well as land currently held for undetermined use. Investment properties also include right-of-use assets involving real properties that are subleased to other entities.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of the replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are carried at historical cost less provisions for depreciation and impairment. Accordingly, land is carried at cost less any impairment in value and building is carried at cost less depreciation and any impairment in value.

Construction-in-progress (CIP) is stated at cost. The initial costs of investment property consist of its construction costs, and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including capitalized borrowing cost. CIP is not depreciated until such time as the relevant assets are completed and put into operational use. CIP are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

For those right-of-use assets that qualify as investment properties, i.e., those land that are leased by the Group, these are classified under investment properties. Consistent with the Group's policy regarding the measurement of investment properties, these assets are subsequently measured at cost less amortization and impairment in value.

Depreciation of investment properties are computed using the straight-line method over the EUL of the assets 17 to 50 years or lease term, whichever is lower. Right-of-use assets recognized under investment properties, which is comprised of land, is depreciated over the lease term of 17 years. The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

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. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. A transfer is made from investment property when and only when there is 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 the cost of that property for measurement or disclosure purposes.

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that its nonfinancial assets (i.e., deposits on real estate properties, advances to contractors and suppliers, property and equipment, investment properties including right-of-use assets and software and brand development cost) may be impaired. If any such indication exists or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the expense categories of profit or loss consistent with the function of the impaired asset.

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

Customers' Advances and Deposits
Deposits from real estate buyers
Deposits from real estate buyers represent mainly reservation fees and advance payments. These deposits will be recognized as revenue in profit or loss once the revenue recognition threshold is met and the related obligations are fulfilled to the real estate buyers. This is treated as contract liabilities of the Group.

Deposits from lessees
Deposits from lessees include advance collections pertaining to the lease of commercial units of the Group. These collections are subsequently recognized as income under "Rental income" on a straight-line basis over the lease term.

Deposits from lessees also consist of collections from tenants for leasehold rights. Leasehold rights pertain to the right to lease the commercial space over a certain number of years.

Equity
Capital stock is measured at par value for all shares issued. When the Group issues more than one class of share, a separate account is maintained for each class of share and the number of shares issued. When the shares are sold at premium, the difference between the proceeds and the par value is credited to additional paid-in capital. When the shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

An entity typically incurs various costs in issuing or acquiring its own equity instruments. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. The transaction costs of an equity transaction are accounted for as deductions from equity (net of related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense.

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declarations.

Other Comprehensive Income

OCI are items of income and expense that are not recognized in for the period in accordance with PFRSs. The Group's OCI pertains to remeasurement gains and losses arising from defined benefit pension plan which cannot be recycled to profit or loss.

Revenue Recognition

Revenue from Contract with Customers

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 Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Group has concluded that it is acting as principal in majority of its revenue arrangements.

The disclosures of significant accounting judgments and the use of estimates relating to revenue from contracts with customers are provided in Note 3.

Real estate sales

For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as past history with the buyer and the pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, if it would still support its current threshold of buyer's equity before commencing revenue recognition.

The Group derives its real estate revenue from sale of condominium units, commercial units and warehouses. Revenue from sales of completed real estate project is accounted using the full accrual method. Revenue from the sale of uncompleted real estate projects are recognized over time during the construction period (or POC) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group 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 Group's project engineers, 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.

If any of the criteria under the full accrual or POC 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 likewise considered as contract liabilities which is presented under the "Customers' advances and deposits" account in the consolidated statements of financial position.

Information about the Group's Performance Obligation
The Group entered into contract to sell with one identified performance obligation which is the sale of the condominium unit together with the services to transfer the title to the buyer for a corresponding contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under a financing scheme entered with the customer. The financing scheme would include payment of certain percentage of the contract price spread over a certain period (e.g. 4 to 7 years) at a fixed monthly payment with the remaining balance payable in full at the end of the period either through cash or external financing. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction.

The Group provides a quality assurance warranty which is not treated as a separate performance obligation.

Rental income
Rental income under cancellable leases on investment properties is recognized in profit or loss based on the terms of the lease as provided under the lease contract. Rental income under a noncancellable lease agreement is recognized as income on a straight-line basis over the lease term.

Management fee income
Management fees consist of revenue arising from contracts of administering a property. The customers pay either a fixed amount or at amount stipulated in the agreement. The revenue is recognized when the related services are rendered.

Hotel operation
Hotel revenues from room rentals, food and beverage sales, and other ancillary services are recognized when the services are rendered. Revenue from other ancillary services include, among others, business center, laundry service, communication service, transportation and parking, and spa services. The services rendered are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, that is over the stay within the hotel, at a point in time for other goods or services, when they have been delivered or rendered.

<u>Interest and other income</u>
Interest is recognized as it accrues (using the EIR method, i.e., based on the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset). Other income includes service revenue and customer related fees such as penalties and surcharges and income from forfeited reservations and collections, which are recognized as they accrue, taking into account the provisions of the related contract.

Income from forfeitures (e.g. collections) is recognized upon default of potential buyers, subject to the provisions of Republic Act (RA) No. 6552, *Realty Installment Buyer Protection Act*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Costs and Expenses
Costs and expenses are recognized in the consolidated statements of comprehensive income when 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 the consolidated statements of comprehensive income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when 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 of condominium units
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as connection fees, costs of land, land development costs, building costs, professional fees, 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 cost 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.

Cost of hotel operation
Cost of hotel operation pertains to expenses incurred in relation to sale of goods and rendering of services. These are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen than can be measured reliably. These are recognized when incurred and measured at the amount paid or payable.

Selling and administration expenses
Selling expenses are costs incurred to sell real estate inventories, which includes advertising and promotions, among others. Administrative expenses constitute costs of administering the business. Except for commission (see disclosure in “Costs to obtain a contract” for the accounting of commission), selling and administrative expenses are recorded as incurred. These include cost of leasing services which mainly pertain to depreciation and amortization, taxes and licenses and utilities related to the Group’s commercial projects.

Commissions paid to sales or marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Accordingly, when the POC method is used, commissions are likewise charged to expense in the period the related revenue is recognized.

Contract Balances

Installment contract receivable

An installment contract receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). It also includes the difference between the considerations received from the customer and the transferred goods or services to a customer. If the Group performs by transferring goods or services to a customer before the customer pays the equivalent amount of the agreed consideration or before payment is due, the unpaid amount is classified as installment contracts receivable.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized based on the revenue recognition accounting policy.

The contract liabilities includes excess of collections over the total recognized instalment contract receivables based on POC and collections from customers for which revenue recognition has not yet commenced.

Contract liabilities is shown as part of the "Customers' advances and deposits" account in the consolidated statements of financial position.

Costs to obtain a contract

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

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

Contract fulfillment assets

Contract fulfillment costs are divided into (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which if met, result in capitalization (i) costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) costs are expected to be recovered. The assessment of this criteria requires the application of judgement particularly in determining whether costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

Amortization, derecognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract

The Group amortizes contract fulfillment assets and capitalized costs to obtain a contract to cost of sales over the expected construction period using POC following the pattern of real estate revenue recognition. The amortizations of contract fulfilment assets and capitalized costs to obtain a contract are included in the "Real estate" and "Selling and administrative" accounts under "Costs and expenses" in the consolidated statements of comprehensive income.

A contract fulfillment asset or capitalized costs capitalized to obtain a contract is derecognized when it is disposed of or when no further economic benefits are expected to flow from its use or disposal. At each reporting date, the Group determines whether there is an indication that a contract fulfillment asset may be impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the asset to the remaining amount of consideration that the Group expects to receive less those costs that relate to providing services under the contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price is removed when testing for impairment.

In case the relevant costs demonstrate indicators of impairment, judgement is required in ascertaining the future economic benefits from these contracts as sufficient to recover the relevant assets.

Borrowing Costs
Borrowing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs (included in "Real estate for development and sale", "Property and equipment" and "Investment properties" accounts in the consolidated statements of financial position). Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

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

All other borrowing costs are expensed in the period in which they are incurred.

Debt Issuance Costs
Transaction costs incurred in connection with the availments of long-term debt are deferred and amortized using the EIR method over the term of the related loans. These are included in the measurement basis of the related loans.

Pension Liabilities
The Group has an unfunded, noncontributory defined benefit retirement plan covering all of its qualified employees. The Group's pension liability is the aggregate of the present value of the defined benefit obligation as of the reporting date.

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

Pension costs comprise the following:
- Service cost
- Interest on the pension liability
- Remeasurements of pension liability

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated annually by independent qualified actuaries.

Interest on the pension liability is the change during the period in the pension liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the pension liability. Interest on the pension liability is recognized in the consolidated statements of comprehensive income as “Finance costs”.

Remeasurements comprising of actuarial gains and losses are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. In determining significant risks and benefits of ownership, the Group considers, among others, the significance of the lease term as compared with the EUL of the related asset. Rental income is recognized over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which use benefit is derived.

The Group requires its tenants to pay leasehold rights pertaining to the right to use the leased unit which is reported under “Customers’ advances and deposits” in the consolidated statements of financial position. Upon commencement of the lease, these payments are recognized in the consolidated statements of comprehensive income under “Rental income” on a straight-line basis over the lease term.

Lease modification

Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

A lessor shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. If a change in lease payments does not meet the definition of a lease modification that change would generally be accounted for as a negative variable lease payment. In the case of an operating lease, a lessor recognizes the effect of the rent concession by recognizing lower income from leases.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to account for the net present value of obligation related to the periodic lease payments. Meanwhile, right-of-use assets are also recognized to represent the economic benefits received by the Group from the right to use the underlying assets.

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

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

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

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

Deferred taxes
Deferred tax is provided using the liability method on temporary differences, with certain exceptions, at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carry forward benefit of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting income nor taxable income.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associates.

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

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

Basic/Diluted Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the period attributable to common stockholders by the weighted average number of common shares issued and outstanding during the period adjusted for any stock dividends issued. Diluted EPS is computed by dividing net income for the period attributable to common stockholders by the weighted average number of common shares issued and outstanding during the period after giving effect to assumed conversion of potential common shares. Basic and diluted EPS are adjusted to give retroactive effect to any stock dividends declared during the period.

As at December 31, 2022 and 2021, the Group has no dilutive potential common shares.

Segment Reporting
The Group's operating business are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that serves different markets. The Group's operating business is composed of condominium sales, leasing, property management and hotel operation. Financial information on the Group's business segments are presented in Note 21.

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

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

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

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

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

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

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

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

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

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

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events up to the date of auditor's report that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

3. Significant Accounting Judgments and Use of Estimates

The preparation of the consolidated financial statements in compliance with PFRSs requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements. The judgments and estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

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

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Leases

The Group applied the following judgments that significantly affect the determination of the amount and timing of income from lease contracts:

Determination of lease term of contracts with renewal options – Group as a lessee

The Group has several lease contracts that include extension options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive in exercising the option of renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal period as part of the lease term for the lease of a parcel of land where one of the Group's investment property is located. The Group assessed that the option to renew the lease contract is reasonably certain to be exercised.

Real estate revenue recognition

Existence of a contract

The Group'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 is not signed by both parties, the other signed documentations such as purchase agreement and reservation application would contain all the criteria to qualify as contract with the customer under PFRS 15.

Management also considers the selling prices of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties in determining the transaction price.

Equity threshold

Part of the Group's assessment process before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as past history with the buyer, and the pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs if it would still support its current threshold of buyer's equity before commencing revenue recognition.

Revenue recognition and measure of progress
The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date.

The promised property covering specific condominium unit and/or parking slot is specifically identified in the contract. The Group is contractually restricted to sell the promised property to another buyer or to direct it for another use. In addition, the Group has the right to enforce payment from the buyer up to the performance completed to date.

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

The Group also determines the actual costs incurred to be recognized as cost of sales by estimating the unbilled costs of incurred on materials, labor and overhead.

Distinction between business combination and property acquisition
The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether the acquisition represents acquisition of a business or acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities and assets is acquired in addition to the property.

When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

The Group's acquisition of 100% of the voting shares of OBPPC in 2021 represents acquisition of assets. While the acquisition of 100% of the voting shares of MPMHC in 2021 represents a business combination.

Distinction between real estate for development and sale, property and equipment and investment properties
The Group determines whether a property qualifies as real estate for development and sale, property and equipment or investment properties by considering whether the property is occupied substantially for use by or in operations of the Group; for sale in the ordinary course of the business; or, held primarily to earn rental income and capital appreciation.

Real estate for development and sale comprise both condominium units for sale and land held for future development, which are properties that are held for sale in the ordinary course of the business. Principally, these are properties that the Group develops and intends to sell before or upon completion of construction.

Properties intended to earn rental and for capital appreciation are classified as investment properties while properties occupied by the Group are considered as property and equipment. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for 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 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.

Impairment testing of financial assets

Definition of default and credit-impaired assets
The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria
The Group has applied the presumption indicated within PFRS 9 pertaining to the default definition; that is, default of a financial instrument does not occur later than when a financial asset is 90 days past due.

Qualitative criteria
The counterparty meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
- The counterparty is in long-term forbearance;
- The counterparty is deceased;
- The counterparty is insolvent;
- The counterparty is in breach of financial covenant(s);
- An active market for that financial asset has disappeared because of financial difficulties;
- Concessions have been granted by the Group relating to the counterparty's financial difficulty;
- It is becoming probable that the counterparty will enter bankruptcy; or
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default, exposure at default and loss given default throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e., to have cured) when it no longer meets any of the default criteria for a consecutive period of six months.

Impairment of nonfinancial assets
The Group assesses impairment on its nonfinancial assets and considers the following important indicators:
- Significant changes in asset usage;
- Significant decline in assets' market value;
- Obsolescence or physical damage of an asset;
- Significant underperformance relative to expected historical or projected future operating results; and,
- Significant negative industry or economic trends.

If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As at December 31, 2022 and 2021, carrying values are as follows:

	2022	2021
Property and equipment (Note 8)	**₱3,551,689,998**	₱2,979,845,960
Investment properties (Note 9)	**16,605,151,587**	16,857,563,302
Advances to contractors and suppliers (Notes 7 and 10)	**1,299,445,547**	1,641,903,507
Deposits on real estate properties (Notes 7 and 10)	**85,390,800**	85,390,800
Software and brand development costs (Note 10)	**1,429,300**	2,353,683

Management assessed that there are no indicators of impairment for the Group's nonfinancial assets as at December 31, 2022 and 2021 Refer to discussion under estimates.

Management's Use of Estimates
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. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Valuation of investment properties
The fair value of investment property is determined by real estate valuation experts using recognized valuation techniques and the principles of PFRS 13, *Fair Value Measurement.* Investment properties are measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined. The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in Note 9.

Estimating NRV of real estate inventories
The Group reviews the NRV of real estate inventories, which are recorded under "Real estate for development and sale" in the consolidated statements of financial position, and compares it with the cost, since assets should not be carried in excess of amounts expected to be realized from sale. Real estate for development and sale are written down below cost when the estimated NRV is found to be lower than the cost.

NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in light of recent market transactions and having taken suitable external advice. NRV in respect of inventory under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the construction and an estimated time value of money to the date of completion.

The estimates used took into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date. As at December 31, 2022 and 2021, the Group's real estate for development and sale which are carried at cost amounted to ₱11,849.73 million and ₱8,745.71 million, respectively (see Note 6).

Revenue recognition
The Group's revenue from real estate sales are recognized based on the POC method. POC is determined based on the physical proportion of work done on the real estate project which requires technical determination by the Group's project engineers. The rate of completion is validated by the

responsible department to determine whether it approximates the actual completion rate. Changes in estimate may affect the reported amounts of revenue and receivables.

Real estate sales amounted to ₱2,717.70 million, ₱2,768.50 million and ₱2,125.81 million for the years ended December 31, 2022, 2021 and 2020, respectively (see Note 21).

Recognition of deferred tax assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future planning strategies. The Group assessed its projected performance in determining the sufficiency of future taxable profit.

The deferred tax assets recognized as at December 31, 2022 and 2021 amounted to ₱440.67 million and ₱439.90 million, respectively. The Group's unrecognized deferred tax assets amounted to ₱1.66 million and ₱1.40 million as at December 31, 2022 and 2021, respectively (see Note 18).

Impairment testing of financial assets

Provision for ECL of receivables
The Group determines an allowance for impairment loss at a level considered adequate to provide for potential uncollectible receivables. The Group applies simplified approach in calculating ECL. The Group performs a regular review of the age and status of these accounts which are designed to identify accounts for impairment. The Group considers the following key areas of judgment: segmenting the Group's credit risk exposures; determining the method to estimate lifetime ECL; defining default; determining assumptions to be used in the ECL model such as timing and amount of expected net recoveries from defaulted accounts; and incorporating forward-looking information (called overlays) in calculating ECL. The amount of ECL is sensitive to changes in circumstances and forecasted economic conditions. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions. Assumptions used in the assessment include one year as timing of resale upon completion projects, original selling price, and relevant forward-looking macro-economic assumptions.

As at December 31, 2022 and 2021, the Group has provided an allowance for impairment losses amounting to ₱17.20 million on its other receivables, as at December 31, 2022 and 2021 (see Note 5).

Estimating pension cost and obligation
The cost of defined benefit pension plans and the present value of the pension obligations are determined using actuarial valuations. The actuarial valuation involves making various assumptions which include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

While the Group believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of employee benefits and related obligations.

As at December 31, 2022 and 2021, the present value of benefit obligation amounted to ₱64.56 million and ₱74.34 million, respectively. Pension cost amounted to ₱14.34 million, ₱15.70 million and ₱24.03 million for the years ended December 31, 2022, 2021 and 2020, respectively (see Note 17).

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in leases where it is the lessee, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

As at December 31, 2022 and 2021, lease liabilities of the Group amounted to ₱340.10 million and ₱280.34 million, respectively (see Note 22).

4. Cash and Cash Equivalents

	2022	2021
Cash on hand	**₱762,000**	₱459,000
Cash in banks	**1,284,007,200**	1,259,656,533
Cash equivalents	**7,115,586**	7,123,194
	₱1,291,884,786	₱1,267,238,727

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents pertain to short-term bank deposits that earn interest at the prevailing short-term investment rates. Peso denominated placements have an interest rate of 1.50% and 0.75% as at December 31, 2022 and 2021, respectively. The carrying values of cash and cash equivalents approximate their fair values as of reporting date.

Interest income derived from cash in banks and cash equivalents amounted to ₱1.48 million, ₱1.62 million, and ₱3.69 million for the years ended December 31, 2022, 2021 and 2020, respectively (see Note 15).

5. **Receivables**

	2022	2021
Installment contracts receivable - net of unamortized discount	**₱2,059,548,897**	₱3,490,361,161
Rental receivable	**208,191,034**	233,688,104
Advances to employees and agents	**29,684,030**	30,649,935
Due from condominium associations	**29,493,674**	32,278,420
Others	**93,311,940**	77,054,418
	2,420,229,575	3,864,032,038
Less allowance for impairment losses	**17,203,351**	17,203,351
	2,403,026,224	3,846,828,687
Less noncurrent portion of installment contracts receivable	**639,190,962**	780,292,010
	₱1,763,835,262	₱3,066,536,677

Installment contracts receivable consist of receivables from the sale of real estate properties. These are collectible in equal monthly principal installments over a period ranging from four to seven years depending on the agreement. Installment contracts receivable are generally noninterest-bearing. The corresponding titles to the condominium units sold under this arrangement are transferred to the buyer upon full payment of the contract price.

Rental receivables pertain to receivables from the leasing operation of the Group including the effect of straight-lining. These receivables are noninterest-bearing and are collectible within the normal terms of less than 30 days.

Advances to employees and agents represent advances for operational purposes and discounts given to clients that are chargeable to agents which are noninterest-bearing and are expected to be liquidated or payable within one year.

Due from condominium associations pertains to utilities, janitorial, security and maintenance expenses paid by the Group on behalf of the condominium association and unpaid balances from management fees for administering properties. These are noninterest-bearing and are payable on demand.

Other receivables include utility charges to contractors, common usage service area charges to tenants, receivables from unit owners which pertains to transfer taxes and other charges initially paid by the Group in behalf of the unit owners and receivable from guests. These receivables are noninterest-bearing and are normally settled within one year.

As at December 31, 2022 and 2021, the allowance for impairment losses on its other receivables amounted to ₱17.20 million. In 2021, allowance for impairment losses amounting ₱0.19 million was written-off. No additional allowance was recognized in 2022 and 2021.

Unamortized discount on installment contracts receivable
In 2022 and 2021, noninterest-bearing installment contracts receivable with nominal amount of ₱1,024.25 million and ₱1,393.88 million, respectively, were initially recorded at fair value amounting to ₱922.79 million and ₱1,314.06 million, respectively. The fair value of the receivables was obtained by discounting future cash flows using the applicable rates of similar types of instruments ranging from 1.12% to 6.74% in 2022 and 0.90% to 3.79% in 2021.

Movements in the unamortized discount on installment contracts receivable as at December 31, 2022 and 2021 are as follows:

	2022	2021
Balance at beginning of year	**₱380,464,506**	₱685,892,578
Additions	**101,463,391**	79,817,384
Accretion (Note 15)	**(238,953,679)**	(385,245,456)
Balance at end of year	**₱242,974,218**	₱380,464,506

Receivable financing
The Group enters into various agreements with banks whereby the Group sold its installment contracts receivable with recourse. The Group still retains the sold receivables in the receivables account and records the proceeds from these sales as loans payable (see Note 12). The carrying value of installment contracts receivable sold and the related loans payable accounts amounted to ₱808.37 million and ₱1,453.33 million as at December 31, 2022 and 2021, respectively. These receivables are used as collateral to secure the corresponding loans payables obtained.

6. Real Estate for Development and Sale

This account consists of:

	2022	2021
Condominium units for sale	**₱8,008,270,245**	₱5,425,976,530
Land held for future development	**3,841,463,253**	3,319,730,320
	₱11,849,733,498	₱8,745,706,850

The rollforward of this account is as follows:

	2022	2021
Balance at beginning of year	**₱8,745,706,850**	₱7,780,358,358
Additions	**3,508,476,821**	3,452,569,391
Disposals - recognized as cost of real estate sales (Note 16)	**(2,311,905,168)**	(2,598,803,247)
Transfers from investment properties (Note 9)	**2,155,200,517**	111,582,348
Transfer to property and equipment (Note 8)	**(247,745,522)**	–
Balance at end of year	**₱11,849,733,498**	₱8,745,706,850

Additions during the year pertain to capitalized construction costs, borrowing costs, and other land acquisition costs incurred on the Group's ongoing projects and land held for future development.

Transfers from investment properties amounting to ₱2,155.20 million in 2022 and ₱111.58 million in 2021 pertain to the land properties and ongoing building construction intended to be developed for sale. These constitute significant noncash transactions in the consolidated statements of cash flows (see Note 9).

The cost transferred to property and equipment amounting to ₱247.75 million in 2022 pertains to the portion of Admiral Grandsuites allocated for the operation of Admiral Hotel. This constitutes significant noncash transactions in the consolidated statements of cash flows (see Note 8).

Borrowings were used to finance the Group's ongoing projects. The related borrowing costs were capitalized as part of real estate for development and sale. The capitalization rate used to determine the borrowings eligible for capitalization ranges from 3.25% to 8.95% and 3.25% to 8.33% in 2022 and 2021, respectively. Borrowing costs on loans payable capitalized as part of "Real estate for development and sale" amounted to ₱671.04 million and ₱627.39 million for the years ended December 31, 2022 and 2021, respectively (see Note 12).

The Group has not recognized any provisions for impairment as at December 31, 2022 and 2021.

As at December 31, 2022 and 2021, the carrying amount of real estate for development and sale used as collateral to secure the Group's bank loans amounted to ₱8,482.06 million and ₱4,745.40 million, respectively (see Note 12).

7. Other Current Assets

	2022	2021
Advances to contractors and suppliers	**₱979,196,530**	₱912,753,889
Input VAT	**641,085,849**	551,803,737
Creditable withholding tax	**610,295,720**	498,380,406
Prepaid expenses	**285,937,656**	331,706,856
Deposits on real estate properties	**28,000,000**	28,000,000
Others	**31,883,568**	30,002,208
	₱2,576,399,323	₱2,352,647,096

Advances to contractors and suppliers represent advances and downpayments for the construction of real estate for development and sale that are recouped every progress billing payment depending on the POC.

Input VAT represents taxes imposed to the Group for the land acquisitions, purchases of goods from its suppliers and availment of services from its contractors, as required by Philippine taxation laws and regulations. Any excess input VAT as at reporting period will be used as tax credits against future output VAT liabilities. Management has estimated that all input VAT is recoverable at its full amount.

Creditable withholding tax pertains mainly to the amounts withheld from income derived from real estate sales, leasing, property management and hotel operation. Creditable withholding tax will be applied against income tax due.

Prepaid expenses are attributable to prepayments of rent, insurance premiums, real property taxes and costs to obtain contracts, i.e., commission that is related to the real estate sales.

Deposits on real estate properties represent the current portion of the Group's advance payments to real estate property owners for future property acquisitions and is expected to be recovered upon consummation of the purchase transactions.

The movements for the years ended December 31, 2022 and 2021 of the current and noncurrent portions (see Note 10) of prepaid commission which pertains to the costs to obtain contracts as required by PFRS 15 are as follows:

	2022	2021
Balance at beginning of year	**₱233,280,208**	₱265,297,589
Additions	**28,586,171**	34,490,763
Amortization	**(72,961,092)**	(66,508,144)
Balance at end of year	**₱188,905,287**	₱233,280,208

Additions in 2022 and 2021 amounting to ₱28.59 million and ₱34.49 million, respectively, constitute significant noncash transactions in the consolidated statements of cash flows. These represent the capitalized portion of the commission that will be incurred and amortized using the POC method.

8. Property and Equipment

	2022						
	Hotel Property	**Leasehold Improvements**	**Office Equipment**	**Furniture and Fixtures**	**Transportation Equipment**	**Right- of-Use Assets (Building)**	**Total**
Cost							
At January 1	**₱2,896,720,965**	**₱40,443,797**	**₱65,465,668**	**₱79,008,608**	**₱121,851,792**	**₱137,303,415**	**₱3,340,794,245**
Additions (Note 6)	**532,517,970**	**12,208,809**	**1,890,967**	**1,416,657**	**4,791,969**	**107,639,950**	**660,466,322**
At December 31	**3,429,238,935**	**52,652,606**	**67,356,635**	**80,425,265**	**126,643,761**	**244,943,365**	**4,001,260,567**
Accumulated Depreciation and Amortization							
At January 1	**–**	**39,133,084**	**60,714,723**	**59,089,836**	**98,576,844**	**103,433,798**	**360,948,285**
Depreciation and amortization (Note 16)	**20,347,271**	**526,500**	**2,501,778**	**6,254,509**	**13,248,747**	**45,743,479**	**88,622,284**
At December 31	**20,347,271**	**39,659,584**	**63,216,501**	**65,344,345**	**111,825,591**	**149,177,277**	**449,570,569**
Net Book Value	**₱3,408,891,664**	**₱12,993,022**	**₱4,140,134**	**₱15,080,920**	**₱14,818,170**	**₱95,766,088**	**₱3,551,689,998**

	2021						
	Hotel Property	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Transportation Equipment	Right- of-Use Assets (Building)	Total
Cost							
At January 1	₱2,595,036,636	₱40,443,797	₱64,365,925	₱56,754,804	₱119,451,792	₱137,984,386	₱3,014,037,340
Additions	301,684,329	–	1,099,743	22,253,804	2,400,000	–	327,437,876
Reversal of right-of-use assets (Note 22)	–	–	–	–	–	(680,971)	(680,971)
At December 31	2,896,720,965	40,443,797	65,465,668	79,008,608	121,851,792	137,303,415	3,340,794,245
Accumulated Depreciation and Amortization							
At January 1	–	38,763,478	49,919,454	53,340,304	83,137,918	68,701,878	293,863,032
Depreciation and amortization (Note 16)	–	369,606	10,795,269	5,749,532	15,438,926	34,731,920	67,085,253
At December 31	–	39,133,084	60,714,723	59,089,836	98,576,844	103,433,798	360,948,285
Net Book Value	₱2,896,720,965	₱1,310,713	₱4,750,945	₱19,918,772	₱23,274,948	₱33,869,617	₱2,979,845,960

The Group's hotel property pertains to the land and construction costs of Admiral Hotel. The carrying value of land included in the hotel property amounted to ₱340.75 million as at December 31, 2022 and 2021. Borrowings were used to finance the Group's ongoing construction of hotel property. The related borrowing costs were capitalized as part of property and equipment. The capitalization rate used to determine the borrowings eligible for capitalization ranges from 3.25% to 7.89% in 2022 and 3.25% to 8.37% in 2021. Total borrowing costs capitalized as part of hotel property amounted to ₱98.80 million and ₱123.52 million for the years ended December 31, 2022 and 2021, respectively (see Note 12).

Additions in 2022 include transferred cost of ₱247.75 million related to the portion of Admiral Grandsuites allocated for the operation of Admiral Hotel. These constitute significant noncash transactions in the consolidated statements of cash flows (see Note 6).

As at December 31, 2022 and 2021, capital commitments for hotel property amounted to ₱435.19 million and ₱647.40 million, respectively.

The Group's transportation equipment with a carrying value of ₱5.29 million and ₱7.62 million as at December 31, 2022 and 2021, respectively, were constituted as collateral under chattel mortgage to secure the Group's vehicle financing arrangement with various financial institutions (see Note 12).

9. Investment Properties

	2022					
	Commercial Projects		**Construction in Progress**			
	Land	**Building**	**Land**	**Building**	**Right-Of-Use Asset (Land)**	**Total**
Cost						
At January 1	**₱924,805,897**	**₱5,333,930,258**	**₱5,307,775,693**	**₱6,223,196,702**	**₱222,287,791**	**₱18,011,996,341**
Additions	**–**	**103,282,361**	**117,982,699**	**1,928,087,613**	**–**	**2,149,352,673**
Transfers (Note 6)	**2,220,268,999**	**4,593,130,220**	**(2,862,843,431)**	**(6,105,756,305)**	**–**	**(2,155,200,517)**
At December 31	**3,145,074,896**	**10,030,342,839**	**2,562,914,961**	**2,045,528,010**	**222,287,791**	**18,006,148,497**
Accumulated Depreciation						
At January 1	**–**	**1,116,144,234**	**–**	**–**	**38,288,805**	**1,154,433,039**
Depreciation and amortization (Note 16)	**–**	**233,800,936**	**–**	**–**	**12,762,935**	**246,563,871**
At December 31	**–**	**1,349,945,170**	**–**	**–**	**51,051,740**	**1,400,996,910**
Net Book Value	**₱3,145,074,896**	**₱8,680,397,669**	**₱2,562,914,961**	**₱2,045,528,010**	**₱171,236,051**	**₱16,605,151,587**

	2021					
	Commercial Projects		Construction in Progress			
	Land	Building	Land	Building	Right-Of-Use Asset (Land)	Total
Cost						
At January 1	₱937,226,275	₱5,403,223,311	₱5,144,113,916	₱4,524,547,379	₱222,287,791	₱16,231,398,672
Additions	99,161,970	119,324,859	163,661,777	1,698,649,323	–	2,080,797,929
Derecognition	–	(188,617,912)	–	–	–	(188,617,912)
Transfers (Note 6)	(111,582,348)	–	–	–	–	(111,582,348)
At December 31	924,805,897	5,333,930,258	5,307,775,693	6,223,196,702	222,287,791	18,011,996,341
Accumulated Depreciation						
At January 1	–	984,447,744	–	–	25,525,870	1,009,973,614
Depreciation and amortization (Note 16)	–	211,518,045	–	–	12,762,935	224,280,980
Derecognition	–	(79,821,555)	–	–	–	(79,821,555)
At December 31	–	1,116,144,234	–	–	38,288,805	1,154,433,039
Net Book Value	₱924,805,897	₱4,217,786,024	₱5,307,775,693	₱6,223,196,702	₱183,998,986	₱16,857,563,302

The construction of The Centrium was completed in 2022 which constitutes the transfer from construction in progress to commercial projects amounting to ₱6,813.40 million.

Transfers to real estate for development and sale amounting to ₱2,155.20 million in 2022 and ₱111.58 million in 2021 pertain to the land properties and ongoing building constructions intended to be developed for sale (see Note 6). In 2021, relative to the land property transferred to real estate for development and sale, the Group decided to demolish One Shopping Center that resulted in the recognition of loss on demolition amounting to ₱108.80 million, equivalent to the carrying value of the demolished building (see Note 16). These constitute significant noncash transactions in the consolidated statements of cash flows.

In September 2021, the Group through GRIC acquired 100% of the voting shares of OBPPC, a company registered in the Philippines whose principal activity is to engage in property development, for a cash consideration of ₱99.79 million. The acquisition of OBPPC was considered as acquisition of assets and did not result to a goodwill. The purchase price consideration has been allocated to land and other assets amounting to ₱99.16 million and ₱0.63 million, respectively. The land was included in the additions to investment properties in 2021.

Borrowings were used to finance the Group's ongoing construction of investment properties. The related borrowing costs were capitalized as part of investment properties.

Rates with the capitalization ranging from 3.25% to 8.42% in 2022 and 3.25% to 7.89% in 2021. Total borrowing costs capitalized as part of investment properties amounted to ₱349.73 million and ₱460.46 million for the years ended December 31, 2022 and 2021, respectively (see Note 12).

For the years ended December 31, 2022, 2021 and 2020, rental income from these investment properties amounted to ₱1,093.09 million, ₱1,067.14 million and ₱1,022.47 million, respectively (see Note 22). Depreciation charged to operations for the years ended December 31, 2022, 2021 and 2020 amounted to ₱246.56 million, ₱224.28 million and ₱219.04 million, respectively (see Note 16). Selling and administrative expenses, exclusive of depreciation, related to these investment properties amounted to ₱321.62 million, ₱300.53 million and ₱202.27 million for the years ended December 31, 2022, 2021 and 2020, respectively.

The aggregate fair value of investment properties amounted to ₱27,828.62 million as at December 31, 2022, which were determined based on valuations performed by independent qualified appraisers. The appraisers are industry specialists in valuing these types of properties. The estimated fair value was determined using market data approach that considers the sale of similar or substitute properties and related market data. Under the Market Approach, a higher estimated price per square meter of the subject property would yield higher fair value. The fair value measurement for the Group's investment properties has been categorized as Level 3 based on the inputs to the valuation techniques used.

As at December 31, 2022 and 2021, capital commitments for investment properties amounted to ₱2,536.67 million and ₱4,147.99 million, respectively.

As at December 31, 2022 and 2021, the carrying amount of investment properties used to secure the Group's bank loans amounted to ₱9,842.29 million and ₱11,143.50 million, respectively (see Note 12).

10. **Other Noncurrent Assets**

	2022	2021
Advances to contractors and suppliers	**₱320,249,017**	₱729,149,618
Prepaid expenses (Note 7)	**105,265,948**	141,968,971
Utility and security deposits	**97,885,423**	86,564,858
Deposits on real estate properties	**57,390,800**	57,390,800
Input VAT	**50,375,665**	54,743,117
Construction bond deposits	**16,762,712**	19,989,919
Software and brand development costs	**1,429,300**	2,353,683
	₱649,358,865	₱1,092,160,966

Advances to contractors and suppliers represent advances and down payments for the construction of investment properties and property and equipment that are recouped every progress billing payment depending on the POC.

Prepaid expenses pertain to the noncurrent portion of costs to obtain contracts, i.e., commissions related to the real estate sales. As disclosed in Note 7, these represent the capitalized portion of the commissions that will be incurred and amortized using the POC method. These constitute significant noncash transactions in the consolidated statements of cash flows in 2022 and 2021.

Utility and security deposits pertain to the initial set-up of services rendered by public utility companies and other various long-term deposits necessary for the construction and development of real estate projects.

Deposits on real estate properties represent the Group's advance payments to real estate property owners for future property acquisitions of investment properties and is expected to be recovered upon consummation of the purchase transactions.

Construction bond deposits pertain to the bond for the Group's project developments.

Software costs pertains to the capitalizable costs incurred in the design and implementation of a system. Brand development costs, on the other hand, pertain to the marketing designs that binds the identity of the group of hotels. Amortization of software and brand development cost for the years ended December 31, 2022, 2021 and 2020 amounted to ₱1.71 million, ₱4.95 million and ₱4.54 million, respectively (see Note 16).

11. **Accounts and Other Payables**

	2022	2021
Trade payables:		
Payable to contractors and suppliers	**₱1,800,773,692**	₱1,727,991,618
Retention payable	**1,007,946,465**	918,480,762
Non-trade payable	**1,772,926,903**	–
Accrued expenses:		
Accrued commission	**482,779,598**	686,060,434
Accrued interest expense	**58,544,079**	59,687,072

(Forward)

	2022	2021
Rental deposit	**₱235,407,922**	₱322,233,121
Other taxes payable	**236,223,308**	239,059,914
Liabilities for purchased land	**30,420,000**	129,581,970
Others	**77,070,832**	110,157,411
	5,702,092,799	4,193,252,302
Less noncurrent portion of:		
Retention payable	**458,024,288**	658,486,488
Rental deposit	**163,028,115**	140,789,272
Accrued commission	**136,006,766**	104,397,272
Liabilities for purchased land	**30,420,000**	30,420,000
	787,479,169	934,093,032
	₱4,914,613,630	₱3,259,159,270

Payable to contractors and suppliers are attributable to construction costs incurred but not yet paid as of reporting date. These are noninterest-bearing and are normally settled within 30 to 120 days.

Retention payable pertains to the portion of contractors' progress billings which are withheld and will be released after the satisfactory completion of the contractors' work. The retention payable serves as a security from the contractor should there be defects in the project. These are noninterest-bearing and are normally settled upon completion of the relevant contract arrangements.

Non-trade payable pertains to advances received from minority shareholder of FHPDI for the project development.

Accrued commission represents the commissions payable to the marketing agents in relation to the real estate sales. This includes capitalized portion of the commission which has been accrued in 2022 and 2021, respectively. This constitutes significant noncash transactions in the consolidated statements of cash flows in 2022 and 2021.

Accrued interest expense pertains to the incurred but unpaid interest which is normally settled within one to three months.

Rental deposit consists of security deposits on lease and utility deposit payable.

Other taxes payable consists of taxes withheld by the Group from employees, contractors and suppliers, which are payable within one year.

Liabilities for purchased land pertain to outstanding payables for land acquisitions. These constitute significant noncash transactions in the consolidated statements of cash flows. These liabilities are noninterest-bearing.

Others consist of non-trade payables and premium payable to SSS, Philhealth and Pag-ibig. These are normally settled within one year.

12. **Loans Payable**

	Terms	**2022**	2021
Short-term bank loans	Within 1 year	**₱2,020,000,000**	₱1,600,000,000
Long-term loans:			
Bank loans	3 to 10 years	**17,131,900,463**	17,368,647,625
Receivable financing	1 to 6 years	**808,372,209**	1,453,330,716
Notes payable	3 to 5 years	**6,195,804**	9,141,351
		19,966,468,476	20,431,119,692
Less current portion		**6,375,113,384**	3,409,796,317
		₱13,591,355,092	₱17,021,323,375

Short-term Bank Loans

Short-term bank loans represent various secured promissory notes from local banks with annual interest rates ranging from 5.75% to 6.88% and 3.25% to 4.00% as at December 31, 2022 and 2021, respectively. These loans are payable within one year from date of issuance.

These loans were secured with various properties owned by the Group which are located in Pasay City and Binondo, Manila. The aggregate carrying amount of these properties used as collateral amounted to ₱418.07 million and ₱421.06 million as at December 31, 2022 and 2021, respectively (see Note 9).

Long-term Loans

Long-term bank loans

In May 2022, PPDC secured a ten-year loan facility amounting to ₱2,500.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱600.00 million and nil as at December 31, 2022 and 2021, respectively, with interest rates ranging from 8.10% to 8.29% interest rate per annum.

In February 2021, PPDC secured a five-year loan facility amounting to ₱1,100.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱1,100.00 million as at December 31, 2022 and 2021 with 4.86% interest rate per annum.

In December 2020, PPDC secured a five-year loan facility amounting to ₱1,100.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱1,100.00 million and ₱500.00 million as at December 31, 2022 and 2021, respectively with 5.00% interest rate per annum.

In December 2020, PPDC secured a five-year loan facility amounting to ₱1,500.00 million. The facility is available in single drawdown. The outstanding balance of loan under this facility amounted to ₱1,466.25 million and ₱1,500.00 million as at December 31, 2022 and 2021, respectively, with 5.50% interest rate per annum.

In July 2020, GRIC secured a five-year loan facility from a local bank amounting to ₱450.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱450.00 million as at December 31, 2022 and 2021 with 4.25% interest rate per annum.

In June 2019, GRIC secured a seven-year loan facility from a local bank amounting to ₱1,150.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱1,125.00 million and ₱930.00 million as at December 31, 2022 and 2021 with interest rates ranging from 7.63% to 8.95% and 5.26% rate per annum, respectively.

In April 2019, GRIC secured a five-year loan facility from a local bank amounting to ₱1,040.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱800.00 million and ₱1,040.00 million as at December 31, 2022 and 2021 with interest rates ranging from 5.50% to 6.25% and 5.50% to 6.25% per annum, respectively.

In February 2019, APC secured a six-year and six-months loan facility from a local bank amounting to ₱1,970.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱1,380.00 million and to ₱1,160.00 million as at December 31, 2022 and 2021 with interest rates ranging from 4.30% to 8.12% per annum.

In December 2018, APC secured five-year and six-year loan facilities from a local bank amounting to ₱4,665.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱65.25 million and ₱531.75 million as at December 31, 2022 and 2021 with 8.37% interest rate per annum, respectively.

In December 2018, GRIC secured three-year and five-year loan facilities from a local bank amounting to ₱1,620.00 million. The facilities are available in multiple drawdowns. The outstanding balance of loan under these facilities amounted to nil as at December 31, 2022 and 2021.

In December 2018, GRIC secured four-year and five-year loan facilities from a local bank amounting to ₱1,080.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to nil and ₱62.00 million as at December 31, 2022 and 2021 with 8.33% interest rate per annum, respectively.

In December 2017, PPDC secured a seven-year loan facility from a local bank amounting to ₱3,700.00 million. In May 2022, the facility has been extended for another two years until December 21, 2026. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱1,770.27 million and ₱1,562.16 million as at December 31, 2022 and 2021 with interest rate ranging from 7.01% to 8.07% and 7.01% per annum as at December 31, 2022 and 2021, respectively.

In December 2017, BEIC secured a seven-year loan facility from a local bank amounting to ₱450.00 million with 6.00% interest rate per annum. The outstanding balance of loan under this facility amounted to ₱432.00 million and ₱436.50 million as at December 31, 2022 and 2021, respectively.

In December 2015, PPDC secured a 10-year loan facility from a local bank amounting to ₱4,100.00 million. The facility is available in multiple drawdowns with interest rates of 5.50% per annum for the first five years and 5.75% per annum thereafter. The outstanding balance of loan under this facility amounted to ₱3,854.00 million and ₱4,018.00 million as at December 31, 2022 and 2021, respectively.

In September 2015, GRIC secured a six-year loan facility from a local bank amounting to ₱4,100.00 million. In December 2020, the loan facility has been extended for another two years until December 20, 2023. The facility is available in multiple drawdowns with interest rates ranging from 5.25% to 6.75% interest rates per annum. The outstanding balance of loan under this facility amounted to ₱3,070.00 million and ₱3,270.00 million at December 31, 2022 and 2021, respectively.

In January 2013, PPDC secured a 10-year loan facility from a local bank amounting to ₱1,200.00 million. The facility is available in multiple drawdowns with interest rates of 7.07% per annum for the first five years and 7.89% per annum thereafter. Quarterly principal repayments up to three years shall be 0.75% of the drawdown amount with the remaining balance to be paid upon maturity. As at December 31, 2022 and 2021, the outstanding balance of loans under this facility amounted to nil and ₱901.13 million, respectively.

Unamortized issuance costs deducted from the above-mentioned long-term bank loans as at December 31, 2022 and 2021 amounted to ₱80.87 million and ₱92.89 million, respectively.

The rollforward analyses of unamortized debt discount and issuance costs on long-term bank loans as at December 31, 2022 and 2021 are as follows:

	2022	2021
Balance at beginning of year	**₱92,889,674**	₱83,128,682
Additions	**20,251,271**	51,666,693
Amortization	**(32,270,907)**	(41,905,701)
Balance at end of year	**₱80,870,038**	₱92,889,674

These term loans were secured with various land and buildings owned by the Group which are located in Roxas Boulevard, Pasay City, Binondo, Manila and Parañaque City, recorded under real estate for development and sale and investment properties. As at December 31, 2022 and 2021, these properties have an aggregate carrying value amounting to ₱17,906.28 million and ₱15,467.84 million, respectively (see Notes 6 and 9).

Receivable financing
The loans payable on receivable financing as discussed in Note 5 arises from installment contracts receivable sold with recourse by the Group to various local banks with a total carrying amount of ₱808.37 million and ₱1,453.33 million as at December 31, 2022 and 2021, respectively. These loans bear fixed interest rates ranging from 4.13% to 7.00% in 2022 and 4.00% to 6.50% in 2021, payable on equal monthly installments for a period of 1 to 6 years depending on the terms of the installment contracts receivable.

Notes payable
Notes payable represents the car loans availed by the Group. Annual interest rates ranged from 3.90% to 4.72% and 3.90% to 4.41% in 2022 and 2021, respectively. The Group's transportation equipment with a carrying value of ₱5.29 million and ₱7.62 million as at December 31, 2022 and 2021, respectively, are held as collateral to secure the Group's notes payable (see Note 8). Interest expense recognized under "Finance costs" amounted to ₱0.57 million, ₱0.89 million and ₱1.38 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Borrowing costs
Total borrowing costs arising from loans payable amounted to ₱1,203.88 million, ₱1,232.40 million and ₱1,213.17 million for the years ended December 31, 2022, 2021, and 2020, respectively.

Total borrowing costs capitalized under real estate for development and sale, property and equipment and investment properties amounted to ₱1,119.57 million, ₱1,211.37 million and ₱1,187.34 million for the years ended December 31, 2022, 2021 and 2020, respectively (see Notes 6, 8 and 9). Borrowing costs recognized in profit or loss under "Finance costs" in the consolidated statements of comprehensive income amounted to ₱84.31 million, ₱21.03 million and ₱25.83 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Total interest paid (including capitalized interest) for the years ended December 31, 2022, 2021 and 2020 amounted to ₱1,205.59 million, ₱1,273.99 million and ₱1,162.66 million, respectively.

13. Customers' Advances and Deposits

	2022	2021
Deposits from real estate buyers	**₱3,092,697,887**	₱2,883,578,898
Deposits from lessees	**306,948,898**	422,986,264
	3,399,646,785	3,306,565,162
Less noncurrent portion of deposits from lessees	**196,037,973**	309,961,991
	₱3,203,608,812	₱2,996,603,171

Deposits from real estate buyers
Deposits from real estate buyers includes excess of collections over the total recognized installment contract receivables based on POC. These also includes collections from customers for which revenue recognition has not yet commenced. These deposits will be recognized as revenue in the statements of profit or loss in accordance with the Group's revenue recognition policy.

Deposits from lessees
The Group requires some tenants to pay leasehold rights pertaining to the right to use the leased unit. Deposits from lessees also include advance rental collections that will be applied to rentals depending on the terms of the contract. These payments are recognized in the consolidated statements of comprehensive income as rental income on a straight-line basis over the lease term.

The rental income on leasehold rights amounted to ₱63.50 million, ₱65.76 million and ₱74.28 million for the years ended December 31, 2022, 2021 and 2020, respectively.

14. Related Party Transactions

The Parent Company, in its regular conduct of business, has entered into transactions with its subsidiaries principally consisting of advances and reimbursement of expenses, development, management, marketing, leasing and administrative service agreements. Outstanding balances between companies within the Group are unsecured, interest-free and settlement occurs in cash. Related party transactions (RPT) and balances were eliminated in the consolidated financial statements.

Enterprises and individuals that directly or indirectly, through one or more intermediaries, control or are controlled by or under common control, with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Parent Company and close members of the family of these individuals, and companies associated with these individuals, also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely to the legal form.

The Parent Company has an approval requirement such that material RPT shall be reviewed by the Risk Management Committee (the Committee) and endorsed to the BOD for approval. Material RPTs are those transactions that meet the threshold value as approved by the Committee amounting to 10% or higher of the Group's total consolidated assets based on its latest audited consolidated financial statements.

Key management compensation
The key management personnel of the Group include all directors, executives and senior management. Compensation and benefits of key management personnel for the years ended December 31, 2022, 2021 and 2020 follow:

	2022	2021	2020
Short-term employee benefits	**₱67,057,062**	₱69,925,322	₱65,708,608
Post-employment benefits	**6,243,749**	6,578,301	9,531,443
	₱73,300,811	₱76,503,623	₱75,240,051

15. Interest and Other Income

	2022	2021	2020
Interest income from:			
Amortization of discount on installment contracts receivable (Note 5)	**₱238,953,679**	₱385,245,456	₱534,019,221
Cash and cash equivalents (Note 4)	**1,475,502**	1,620,978	3,691,583
Other income	**314,321,211**	118,693,554	181,900,291
	₱554,750,392	₱505,559,988	₱719,611,095

Other income includes income from forfeitures from cancelled sales and leases, as well as penalties and other surcharges billed against defaulted installment contracts receivable, among others. Income from forfeitures mainly arises from cancellation of reservation fees, amortization payments, deposits and advance rentals net of recovered costs and the balances of buyers and tenants. Other income also includes administrative fees and expenses charged on account of the agents, service fees and other items considered as not material.

Other income from cancelled sales and lease contracts amounted to ₱87.28 million, ₱28.79 million and ₱103.09 million for the years ended December 31, 2022, 2021 and 2020, respectively.

16. Costs and Expenses

Cost of real estate sales
Cost includes acquisition cost of land, construction costs and capitalized borrowing costs. Cost of real estate sales recognized for the years ended December 31, 2022, 2021 and 2020 amounted to ₱2,311.90 million, ₱2,598.80 million and ₱2,247.86 million, respectively.

Cost of hotel operation

	2022*
Depreciation and amortization	₱13,453,322
Food and beverage	38,029,323
Others	30,139,203
	₱81,621,848

** The commercial operation of Hotel started on July 1, 2022.*

Selling and administrative expenses

	2022	2021	2020
Depreciation and amortization (Notes 8, 9 and 10)	**₱323,442,325**	₱296,318,103	₱292,032,970
Salaries, wages and employee benefits (Notes 14 and 17)	**285,883,875**	279,420,221	322,268,827
Taxes and licenses	**209,576,647**	136,131,498	147,712,735
Utilities	**161,870,915**	126,617,991	111,958,090
Sales and marketing	**133,035,080**	123,494,410	77,068,480
Professional fees	**42,547,733**	42,597,796	32,777,137
Membership dues	**36,406,329**	31,858,280	19,551,589
Supplies	**23,756,700**	14,959,111	15,214,775
Insurance	**17,069,723**	12,698,447	4,753,678
Representation and entertainment	**12,537,815**	6,036,425	5,743,739
Transportation and travel	**6,438,909**	4,602,419	3,593,653
Rental	**5,646,390**	7,503,916	6,696,142
Loss on demolition (Note 9)	**–**	108,796,357	–
Others	**22,792,219**	14,808,123	48,519,196
	₱1,281,004,660	₱1,205,843,097	₱1,087,891,011

17. Pension Plan

The Group has an unfunded, noncontributory defined benefit plan covering all of its regular employees. The benefits are based on the projected retirement benefit of 22.5 days pay per year of service in accordance with RA No. 7641, *Retirement Pay Law*. An independent actuary, using the projected unit credit method, conducts an actuarial valuation of the retirement benefit obligation.

The components of the Group's pension costs (included in "Salaries, wages and employee benefits" under "Selling and administrative expenses" and in "Finance costs") are as follows:

	2022	2021	2020
Current service cost	**₱10,620,412**	₱12,364,754	₱19,065,767
Interest cost on benefit obligation	**3,723,910**	3,336,511	5,692,533
Settlement gain	**–**	–	(725,958)
	₱14,344,322	₱15,701,265	₱24,032,342

Movements in the present value of defined benefit obligations (DBO) as at December 31, 2022 and 2021 are as follows:

	2022	2021
Balance at beginning of year	**₱74,339,722**	₱74,717,911
Net benefit cost in profit or loss		
Current service cost	**10,620,412**	12,364,754
Interest cost	**3,723,910**	3,336,511
	14,344,322	15,701,265
Remeasurements in OCI		
Actuarial changes arising from experience adjustments	**(6,588,602)**	(11,030,831)
Actuarial changes arising from changes in financial assumptions	**(17,533,760)**	(5,234,635)
Actuarial changes arising from changes in demographic assumptions	**–**	186,012
	(24,122,362)	(16,079,454)
Balance at end of year	**₱64,561,682**	₱74,339,722

The principal assumptions used to determine pension benefits of the Group are as follows:

	2022	2021
Discount rate	**7.23% to 7.28%**	4.99% to 5.01%
Salary increase rate	**5.00%**	5.00%

There were no changes from the previous period in the methods and assumptions used in preparing sensitivity analysis.

The average duration of the DBO as of the reporting date is 7.60 to 10.30 years and 9.50 to 12.50 years in 2022 and 2021, respectively.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the reporting date, assuming all other assumptions are held constant. It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

		Increase (decrease) in DBO	
	Increase (decrease)	**2022**	2021
Discount rates	+150 basis points	**(₱8,756,487)**	(₱12,070,446)
	-150 basis points	**10,896,475**	15,559,784
Future salary increases	+150 basis points	**10,985,587**	15,312,424
	-150 basis points	**(9,042,713)**	(12,225,660)

The maturity analysis of the undiscounted benefit payments follows:

	2022	2021
Less than 1 year	**₱4,676,777**	₱4,185,061
More than 1 year to 2 years	**1,208,524**	–
More than 2 years to 4 years	**615,030**	1,882,314
More than 4 years	**115,091,274**	63,499,616

18. **Income Tax**

	2022	2021	2020
Current:			
RCIT	**₱121,538,490**	₱70,562,886	₱199,019,672
MCIT	**1,437,016**	3,504,726	2,192,474
Final	**296,355**	306,191	729,015
	123,271,861	74,373,803	201,941,161
Deferred	**49,629,510**	27,514,257	(43,468,937)
	₱172,901,371	₱101,888,060	₱158,472,224

As at December 31, 2022, the Group has incurred NOLCO in taxable years 2021 and 2020, which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act.

Details of NOLCO that can be claimed as deduction from future taxable profit and MCIT that can be claimed as tax credits against income tax liabilities are as follows:

NOLCO

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2019	₱34,596,187	₱34,596,187	₱–	2022
2020	80,422,412	989,199	79,433,213	2025
2021	316,181,834	181,882,167	134,299,667	2026
2022	174,618,312	–	174,618,312	2025
	₱605,818,745	₱217,467,553	₱388,351,192	

MCIT

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2020	₱703,519	₱40,573	₱662,946	2023
2021	3,504,726	3,503,504	1,222	2024
2022	1,437,016	–	1,437,016	2025
	₱5,645,261	₱3,544,077	₱2,101,184	

Net deferred tax assets of the Group as at December 31, 2022 and 2021 are as follows:

	2022	2021
Deferred tax assets on:		
Pension liabilities recognized in profit or loss	**₱39,683,398**	₱36,097,318
Lease liabilities	**144,288,019**	101,046,403
Unamortized discount on installment contracts receivable	**24,491**	243,217

(Forward)

	2022	2021
NOLCO	**₱86,861,401**	₱53,226,986
Difference between tax and book basis of accounting for real estate and leasing transactions	**16,192,731**	8,949,091
Allowance on impairment losses	**4,300,838**	4,300,838
Commissions expense per books in excess of actual commissions paid	**2,533,310**	2,377,687
MCIT	**158,441**	41,795
	₱294,042,629	₱206,283,335
Deferred tax liabilities on:		
Difference between tax and book basis of accounting for real estate and leasing transactions	**₱1,102,829**	₱2,757,459
Right-of-use assets	**65,846,793**	53,458,072
Unamortized discount on loans payable	**186,249**	–
Actual commissions paid in excess of commissions expense per books	**–**	212,324
Pension liabilities recognized in OCI	**23,542,978**	17,512,387
	90,678,849	73,940,242
	₱203,363,780	₱132,343,093

Net deferred tax liabilities of the Group as at December 31, 2022 and 2021 are as follows:

	2022	2021
Deferred tax assets on:		
Unamortized discount on installment contracts receivable	**₱59,342,466**	₱94,446,958
Lease liabilities	**904,738**	443,219
Difference between tax and book basis of accounting for real estate and leasing transactions	**33,842,332**	49,755,558
Commissions expense per books in excess of actual commissions paid	**42,273,362**	31,852,310
NOLCO	**8,991,338**	53,618,945
MCIT	**1,277,486**	3,503,505
	₱146,631,722	₱233,620,495
Deferred tax liabilities on:		
Difference between tax and book basis of accounting for real estate and leasing transactions	**₱466,537,124**	₱455,972,017
Right-of-use assets	**903,741**	1,009,079
Unamortized discount on loans payable	**20,031,260**	270,997
Actual commissions paid in excess of commissions expense per books	**9,469,328**	40,758
	496,941,453	457,292,851
	₱350,309,731	₱223,672,356

The Group has deductible temporary differences for which deferred tax assets have not been recognized since management assessed that no sufficient taxable income is available in the future to allow all or part of deferred tax assets on certain temporary differences to be realized and/or utilized.

NOLCO and MCIT for which no deferred tax assets were recognized amounted to ₱5.61 million and ₱4.39 million at December 31, 2022 and 2021, respectively. The Group's unrecognized deferred tax assets on NOLCO and MCIT amounted to ₱1.66 million and ₱1.40 million as at December 31, 2022 and 2021, respectively.

Statutory reconciliation
The reconciliation of the statutory income tax rate to the effective income tax rate follows:

	2022	2021	2020
Statutory income tax rate	**25%**	25%	30.00%
Tax effect of:			
Nondeductible expenses	**1.07**	0.62	0.06
Changes in unrecognized deferred tax assets	**(3.65)**	0.04	3.12
Interest income subject to final tax	**(0.01)**	(0.08)	(0.07)
Impact of CREATE law	–	(5.67)	–
Others	**2.69**	(0.36)	(2.03)
Effective income tax rate	**25.10%**	19.55%	31.08%

Corporate Recovery and Tax Incentive for Enterprise (CREATE) Act
On March 26, 2021, President Rodrigo Duterte signed into law the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives system. It took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax laws pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25%. However, for entities with net taxable income not exceeding ₱5.00 million and with total assets not exceeding ₱100.00 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is further reduced to 20%.
- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020.
- Improperly accumulated earnings tax of 10% is repealed.

Applying the provisions of the CREATE Act, the Group have been subjected to the lower tax rate of 25% to 20% (itemized deduction) of taxable income and 1% MCIT of gross income effective July 1, 2020.

The Group recognized one-time impact of CREATE in the consolidated statement of comprehensive income for the year ended December 31, 2021 amounting to ₱29.53 million and ₱2.79 million for provision for income tax (current and deferred) and remeasurement loss on defined benefit obligation, respectively. Deferred tax assets-net also decreased by ₱14.95 million as at December 31, 2021 due to the lower tax rate.

19. **Equity**

Capital Stock
The details of the Parent Company's capital stock which consists of common and preferred shares follow:

Common shares
Details of the Parent Company's common shares as at December 31, 2022 and 2021 are as follows:

Authorized shares	3,500,000,000
Par value per share	₱1.00
Issued and outstanding shares	1,040,001,000

On November 8, 2013, the Philippine SEC approved the increase in the Parent Company's capital stock by increasing common stock from ₱2.30 billion divided into 2.30 billion shares with par value of ₱1.00 each to ₱3.50 billion divided into 3.50 billion shares with par value of ₱1.00 each.

On June 15, 2012, the SEC approved the increase in the Parent Company's capital stock by increasing common stock from ₱1.00 billion divided into 1.00 billion shares with par value of ₱1.00 each to ₱2.30 billion divided into 2.30 billion shares with par value of ₱1.00 each.

On August 8, 2007, the Parent Company launched its Initial Public Offering where a total of 86,667,000 common shares were offered at an offering price of ₱8.93 per share. The registration statement was approved on July 30, 2007.

The Parent Company has 90 and 100 existing shareholders as of December 31, 2022 and 2021, respectively.

Preferred shares
The preferred shares are voting, nonparticipating, nonredeemable and are entitled to 8% cumulative dividends. Details of the Parent Company's preferred shares as at December 31, 2022 and 2021 are as follows:

Authorized shares	1,300,000,000
Par value per share	₱1.00
Issued and outstanding shares	346,667,000

On September 15, 2011, the Parent Company conducted stock rights offering of up to ₱346.67 million on the 8%, voting, preferred shares on a pre-emptive basis to holders of common shares of the Parent Company as of September 15, 2011 at an offer price of ₱1.00 per preferred share. Subsequently, on January 20, 2012, the SEC approved the increase in authorized capital stock relating to the creation of preferred shares.

Cash Dividends
On April 21, 2022, the Parent Company's BOD approved the declaration of cash dividends as follows:

- For preferred shares - 8% dividends per issued and outstanding preferred share; and
- For common shares - ₱0.02 per issued and outstanding common share.

The record date is June 17, 2022 and dividends amounting to ₱48.53 million were paid on June 28, 2022.

On April 7, 2021, the Parent Company's BOD approved the declaration of cash dividends as follows:

- For preferred shares - 8% dividends per issued and outstanding preferred share; and
- For common shares - ₱0.02 per issued and outstanding common share.

The record date is May 27, 2021 and dividends amounting to ₱48.53 million were paid on June 17, 2021.

On June 18, 2020, Parent Company's BOD declared cash dividends as follows:

- For preferred shares - 8% dividends per issued and outstanding preferred share; and
- For common shares - ₱0.09 per issued and outstanding common share.

The record date is August 20, 2020 and dividends amounting to ₱121.33 million were paid on September 10, 2020.

Retained Earnings
The Parent Company's retained earnings available for dividend distribution amounted to ₱1.00 billion and ₱1.54 billion as at December 31, 2022 and 2021, respectively. The undistributed and unappropriated earnings from subsidiaries amounting to ₱323.55 million and ₱471.55 million as at December 31, 2022 and 2021, respectively, is not available for dividend distribution until actually declared by the subsidiaries.

Under the Tax Code, as amended, publicly-held Corporations are allowed to accumulate retained earnings in excess of capital stock and are exempt from improperly accumulated earnings tax.

On December 16, 2022, retained earnings amounting to ₱1,000.00 million, ₱200.00 million, ₱400.00 million, ₱100.00 million, ₱50.00 million and ₱1.00 million were appropriated for the project investment and working capital support of Admiral Hotel and the project development of the Panorama Manila, Copeton Baysuites, One Financial Center and One Legacy projects and for the expansion of operation of MPMHC, respectively. These appropriations are expected to be released on or before December 31, 2025, 2026 and 2027. The BOD also approved the extension of release of the 2017, 2018 and 2019 retained earnings amounting to ₱1,500.00 million, ₱100.00 million and ₱50.00 million for Copeton Baysuites, Admiral Hotel and 8 Alonzo, respectively, on or before December 31, 2025.

On March 18, 2022, appropriated retained earnings for the project development of The Centrium amounting to ₱450.00 million were released from appropriation.

On December 20, 2021, the BOD approved the appropriation of retained earnings amounting to ₱400.00 million and ₱150.00 million for the project development of Copeton Baysuites and One Legacy, respectively. These appropriations are expected to be released on or before December 31, 2024 and December 31, 2026, respectively. Appropriated retained earnings for the project development of 8 Alonzo amounting to ₱50.00 million in 2017 were released from appropriation in 2021.

In 2021, the Group acquired MPMHC with appropriated retained earnings of ₱1.20 million as at December 31, 2021. These appropriated retained earnings have been set aside for future expansion of operations within the next five years.

On November 26, 2020, ₱100.00 million out of ₱400.00 million appropriated retained earnings for Cosmo Suites was released and the remaining ₱300.00 million was extended on or before December 31, 2026.

On December 10, 2020, ₱300.00 million and ₱100.00 million appropriated retained earnings for 202 Peaklane and 8 Alonzo, respectively were extended for release on or before December 31, 2024.

On December 10, 2019, retained earnings amounting to ₱650.00 million, ₱300.00 million, ₱200.00 million, ₱150.00 million and ₱70.00 million were appropriated for the project development of the Panorama Manila, Copeton Baysuites, Cornell Parksuites, One Financial Center and One Legacy projects, respectively. These appropriations are expected to be released on December 31, 2023, 2025 and 2026. Appropriated retained earnings for the development of Admiral Hotel working capital amounting to ₱200.00 million were released from appropriation in 2019. Extension of release of the 2018, 2016 and 2015 retained earnings amounting to ₱1,200.00 million, ₱750.00 million and ₱450.00 million for Copeton Baysuites and The Centrium, respectively, on or before December 31, 2023.

In 2018, retained earnings amounting to ₱100.00 million and ₱50.00 million were appropriated for the project development of hotel projects and 8 Alonzo project, respectively. These appropriations are expected to be released gradually until 2023.

In 2017, retained earnings amounting to ₱1,200.00 million, ₱400.00 million and ₱50.00 million were appropriated for the project development of Copeton Baysuites, Cosmo Suites, and 8 Alonzo project, respectively. These appropriations are expected to be released gradually until 2023. Further, the 2014 appropriation for Admiral Hotel amounting to ₱200.00 million was extended for release until 2019.

In 2016, retained earnings amounting to ₱750.00 million and ₱250.00 million were appropriated for the project development of The Centrium and 202 Peaklane, respectively. These appropriations are expected to be released gradually until 2020 and 2021, respectively.

In 2015, retained earnings amounting to ₱450.00 million, ₱50.00 million were appropriated for the project development of The Centrium and 202 Peaklane, respectively. These appropriations are expected to be released gradually until 2020.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group establishes the appropriate capital structure for each business line that properly reflects its premier credit rating and allows it the financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group lengthened the maturity profile of its debt portfolio and makes it a point to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The following table shows the components of what the Group considers its capital as at December 31, 2022 and 2021:

	2022	2021
Capital stock:		
Common stock	**₱1,040,001,000**	₱1,040,001,000
Preferred stock	**346,667,000**	346,667,000
Additional paid-in capital	**632,687,284**	632,687,284
Retained earnings	**7,097,163,701**	6,631,999,790
	₱9,116,518,985	₱8,651,355,074

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes accounts and other payables, interest-bearing loans and borrowings, and customers' advances and deposits, less cash and cash equivalents. Capital pertains to equity attributable to the equity holders of the parent, excluding OCI.

	2022	2021
Accounts and other payables	**₱5,702,092,799**	₱4,193,252,302
Lease liabilities	**340,104,664**	280,342,188
Loans payable	**19,966,468,476**	20,431,119,692
Customers' advances and deposits	**3,399,646,785**	3,306,565,162
	29,408,312,724	28,211,279,344
Less cash and cash equivalents	**(1,291,884,786)**	(1,267,238,727)
Net debt	**28,116,427,938**	26,944,040,617
Capital (excluding OCI)	**9,116,518,985**	8,651,355,074
Total capital and net debt	**₱37,232,946,923**	₱35,595,395,691
Gearing ratio	**76%**	76%

No changes were made in the Group's objectives, policies or processes during the years ended December 31, 2022 and 2021.

20. Financial Instruments

Fair Value Information

The carrying amounts of the Group's financial assets (i.e., cash and cash equivalents, due from condominium associations, other receivables, and deposits) and financial liabilities (i.e., accounts and other payables and loans payable) approximate their fair values either due to their short-term maturities or re-pricing features of the interest they carry except for the following financial asset as at December 31, 2022 and 2021:

	2022		2021	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Asset				
Installment contracts receivable	**₱2,059,548,897**	**₱2,233,073,366**	₱3,490,361,161	₱3,862,301,048

Financial asset

The fair value of installment contracts receivable, which is based on the level 3 valuation technique is computed using discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date based on the remaining terms to maturity. The discount rates used ranged from 3.92% to 6.56% and 1.02% to 4.63% as of December 31, 2022 and 2021, respectively, for installment contracts receivable. By using the discounted value of future cash flows, a higher interest rate would yield a lower fair value.

Fair Value Hierarchy
The Group has no financial instruments carried at fair value as at December 31, 2022 and 2021.

There were no assets or liabilities whose fair value is disclosed using Level 1 and Level 2 valuation techniques.

There was no change in the valuation techniques used by the Group in determining the fair market value of the assets and liabilities.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Objectives and Policies
The Group's principal financial instruments comprise of cash and cash equivalents, receivables, deposits, accounts and other payables, and loans payable, which arise directly from operations. The main purpose of these financial instruments is to finance the Group's operations.

The significant risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The exposures to these risks and how they arise, as well as the Group's objectives, policies and processes for managing the risks and the methods used to measure the risks did not change from prior years.

The main objectives of the Group's financial risk management are as follows:
- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and,
- to provide a degree of certainty about costs.

The BOD reviews and agrees on policies for managing each of these risks.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either: the inability to sell financial assets quickly at their fair values; the counterparty failing on repayment of a contractual obligation; or the inability to generate cash inflows as anticipated.

The Group's objective is to maintain balance between continuity of funding and flexibility through the use of bank loans. The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations and to mitigate the effects of fluctuation in cash flows. Capital expenditures, operating expenses and working capital requirements are sufficiently funded through cash collections and bank loans. Accordingly, its financial liabilities, obligations and bank loans maturity profile are regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions. The Group has sufficient undrawn available credit facilities with financial institutions as of December 31, 2022 and 2021.

The tables below summarize the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and the financial assets and contract assets to manage liquidity as at December 31, 2022 and 2021:

	2022			
	On Demand	**Within 1 year**	**More than 1 year**	**Total**
Financial Assets				
Cash and cash equivalents	**₱1,284,769,200**	**₱7,115,586**	**₱–**	**₱1,291,884,786**
Receivables:				
Installment contracts receivable	–	**4,678,467,059**	**10,005,545,646**	**14,684,012,705**
Rental receivable	–	**751,679,102**	**1,613,438,129**	**2,365,117,231**
Due from condominium associations	–	**29,493,674**	–	**29,493,674**
Others*	–	**76,108,589**	–	**76,108,589**
Deposits	–	**24,815,939**	**114,648,135**	**139,464,074**
Total Financial Assets	**₱1,284,769,200**	**₱5,567,679,949**	**₱11,733,631,910**	**₱18,586,081,059**

**Net of allowance for impairment losses*

	On Demand	Within 1 year	More than 1 year	Total
Financial Liabilities				
Accounts and other payables:				
Payable to contractors and suppliers	**₱–**	**₱1,800,773,692**	**₱–**	**₱1,800,773,692**
Retention payable	–	**549,922,177**	**458,024,288**	**1,007,946,465**
Non-trade payable	–	**1,772,926,903**	–	**1,772,926,903**
Accrued expenses*	–	**310,805,978**	**69,367,662**	**380,173,640**
Rental deposits	–	**72,379,807**	**163,028,115**	**235,407,922**
Others**	–	**74,843,076**	–	**74,843,076**
Lease liabilities***	–	**54,566,591**	**430,936,306**	**485,502,897**
Loans payable***	–	**7,459,403,717**	**15,628,474,996**	**23,087,878,713**
Total Financial Liabilities	**₱–**	**₱12,095,621,941**	**₱16,749,831,367**	**₱28,845,453,308**

**Excludes cost to obtain new contracts*
***Others exclude statutory payables*
****Includes future interest payment*

	2021			
	On Demand	Within 1 year	More than 1 year	Total
Financial Assets				
Cash and cash equivalents	₱1,260,115,533	₱7,123,194	₱–	₱1,267,238,727
Receivables:				
Installment contracts receivable	–	5,320,222,985	4,019,449,239	9,339,672,224
Rental receivable	–	594,249,774	1,633,892,166	2,228,141,940
Due from condominium associations	–	32,278,420	–	32,278,420
Others*	–	59,851,067	–	59,851,067
Deposits	–	30,002,208	106,554,777	136,556,985
Total Financial Assets	₱1,260,115,533	₱6,043,727,648	₱5,759,896,182	₱13,063,739,363

**Net of allowance for impairment losses*

	On Demand	Within 1 year	More than 1 year	Total
Financial Liabilities				
Accounts and other payables:				
Payable to contractors and suppliers	₱–	₱1,727,991,618	₱–	₱1,727,991,618
Retention payable	–	259,994,274	658,486,488	918,480,762
Accrued expenses*	–	544,121,808	–	544,121,808
Rental deposits	–	181,443,849	140,789,272	322,233,121
Others**	–	107,554,774	–	107,554,774
Lease liabilities***	–	50,316,926	383,066,667	433,383,593
Loans payable***	–	4,480,177,021	19,273,015,364	23,753,192,385
Total Financial Liabilities	₱–	₱7,351,600,270	₱20,455,357,791	₱27,806,958,061

**Excludes costs to obtain new contracts*
***Others exclude statutory payables*
****Includes future interest payments*

Credit risk
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risks are primarily attributable to installment contracts receivable, rental receivables and other financial assets. The Group trades only with recognized, creditworthy third parties. The Group's receivables are monitored on an ongoing basis resulting to a manageable exposure to bad debts. Real estate buyers are subject to standard credit check procedures, which are calibrated based on the payment scheme offered. The Group's respective credit management unit conducts a credit investigation and evaluation of each buyer to establish creditworthiness.

Installment Contracts Receivable - Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. In addition, the credit risk for real estate receivables is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject condominium units in case of refusal by the buyer to pay the due installment contracts receivable on time. This risk is further mitigated because the corresponding title to the condominium units sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

Rental Receivable – 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 being aged and analyzed on a continuous basis to minimize credit risk.

Other financial assets – comprise of cash and cash equivalents, excluding cash on hand. 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 areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available credit ratings. Given the high credit rating 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.

As at December 31, 2022 and 2021, the Group's maximum exposure to credit risk without considering the effects of collaterals and other credit enhancements follows:

	2022	2021
Cash in banks and cash equivalents	**₱1,291,122,786**	₱1,266,779,727
Receivables and contract assets:		
Installment contracts receivable	**2,059,548,897**	3,490,361,161
Rental receivable	**208,191,034**	233,688,104
Due from condominium associations	**29,493,674**	32,278,420
Others	**76,108,589**	77,054,418
Deposits	**139,464,074**	136,556,985
	₱3,803,929,054	₱5,236,718,815

The subjected condominium units for sale are held as collateral for all installment contracts receivable. The maximum exposure to credit risk, before considering credit exposure, from the Group's installment contracts receivable amounted to ₱2,059.55 million and ₱3,490.36 million as at

December 31, 2022 and 2021, respectively. The fair value of the related collaterals amounted to ₱14,985.80 million and ₱16,280.92 million as at December 31, 2022 and 2021, respectively resulting to zero net exposure amounts as at December 31, 2022 and 2021. The basis for the fair value of the collaterals is the current selling price of the condominium units.

The collections of advance rentals and security deposits amounted to ₱610.37 million and ₱745.22 million as at December 31, 2022 and 2021, respectively, were higher than rental receivables resulting to zero net exposure as at December 31, 2022 and 2021.

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

As at December 31, 2022 and 2021, the credit quality per class of financial assets are as follows:

	2022			
	Neither Past Due nor Impaired			
	Grade A	**Past Due But Not Impaired**	**Individually Impaired**	**Total**
Cash in banks and cash equivalents	**₱1,291,122,786**	**₱–**	**₱–**	**₱1,291,122,786**
Receivables:				
Installment contracts receivable	**2,039,748,508**	**19,800,389**	**–**	**2,059,548,897**
Rental receivable	**183,998,729**	**24,192,305**	**–**	**208,191,034**
Due from condominium associations	**29,493,674**	**–**	**–**	**29,493,674**
Others	**53,437,829**	**5,467,409**	**17,203,351**	**76,108,589**
Deposits	**139,464,074**	**–**	**–**	**139,464,074**
Total	**₱3,737,265,600**	**₱49,460,103**	**₱17,203,351**	**₱3,803,929,054**

	2021			
	Neither Past Due nor Impaired			
	Grade A	Past Due But Not Impaired	Individually Impaired	Total
Cash in banks and cash equivalents	₱1,266,779,727	₱–	₱–	₱1,266,779,727
Receivables:				
Installment contracts receivable	3,458,537,105	31,824,056	–	3,490,361,161
Rental receivable	216,045,247	17,642,857	–	233,688,104
Due from condominium associations	32,278,420	–	–	32,278,420
Others	59,851,067	–	17,203,351	77,054,418
Deposits	136,556,985	–	–	136,556,985
Total	₱5,170,048,551	₱49,466,913	₱17,203,351	₱5,236,718,815

The credit quality of the financial assets and contract assets was determined as follows:

Cash in banks and cash equivalents are considered Grade A due to the counterparties' low probability of insolvency. The Group transacts only with institutions or banks which have demonstrated financial soundness for several years.

Grade A installment contracts receivable are considered to be of high value where the counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

Grade B accounts are active accounts with minimal to regular instances of payment default, due to collection issues. These accounts are typically not impaired as the counterparties generally respond to the Group's collection efforts and update their payments accordingly.

Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms. The Group assessed that there are no financial assets that will fall under this category as the Group transacts with recognized third parties.

Rental receivable, due from condominium associations, other receivables and deposits are considered as Grade A. The credit quality rating of Grade A pertains to receivables with no defaults in payment. The Group determines financial assets as impaired when the probability of recoverability is remote and in consideration of the lapse in the period which the asset is expected to be recovered. As at December 31, 2022 and 2021, the aging analysis of the Group's past due but not impaired installment contracts receivable and rental receivable follows:

	Neither Past due nor impaired	Past due but not impaired						
		30 days	30-60 days	61-90 days	90-120 days	Total	Impaired	Total
2022								
Installment contracts receivable	**₱2,039,748,508**	**₱10,207,767**	**₱1,219,474**	**₱1,953,737**	**₱ 6,419,411**	**₱19,800,389**	**₱–**	**₱2,059,548,897**
Rental receivable	**183,998,729**	**3,370,219**	**2,521,138**	**2,255,996**	**16,044,952**	**24,192,305**	**–**	**208,191,034**
Other receivables	**53,437,829**	**5,449,450**	**17,959**	**–**	**–**	**5,467,409**	**17,203,351**	**76,108,589**
2021								
Installment contracts receivable	₱3,458,537,105	₱4,282,221	₱3,071,302	₱1,774,211	₱22,696,322	₱31,824,056	₱–	₱3,490,361,161
Rental receivable	216,045,247	4,629,398	3,543,704	3,079,459	6,390,296	17,642,857	–	233,688,104
Other receivables	59,851,067	–	–	–	–	–	17,203,351	77,054,418

Interest rate risk

Interest rate risk is the risk that changes in the market interest rates will reduce the Group's current or future earnings and/or economic value. The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rates or rates subject to repricing as it can cause a change in the amount of interest payments.

The table below demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in interest rates on December 31, 2022 and 2021, with all variables held constant (through the impact on floating rate borrowings):

	Effect on income before income tax Increase (decrease)			
	December 31, 2022		December 31, 2021	
Change in basis points	**+ 100 basis points**	**-100 basis points**	+ 100 basis points	-100 basis points
Floating rate borrowings*	**(₱46.33)**	**₱46.33**	(₱53.30)	₱53.30

**in millions*

21. Segment Information

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. Accordingly, the segment information is reported based on the nature of service the Group is providing.

The Group considers the following as its reportable segments:

- Condominium sales - development of high-end condominium units for sale to third parties
- Leasing - commercial units and shopping centers for lease to third parties
- Property management - facilities management and consultancy services covering condominium and building administration
- Hotel operation - management of hotel business operations

The Chief Executive Officer (CEO) has been identified as the chief operating decision-maker (CODM). The CODM reviews the Group's internal reports in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group does not report results based on geographical segments because the Group operates only in the Philippines.

The CEO separately monitors the operating results of the Group's business units for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

The financial information about the operations of the reportable segments:

December 31, 2022

	Year-ended December 31, 2022					
	Condominium Sales	Leasing	Property Management	Hotel operation	Intersegment Eliminating Adjustments	Total
REVENUE						
Real estate sales	**₱2,717,699,078**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,717,699,078**
Rental income	**–**	**1,212,772,222**	**–**	**–**	**(119,680,271)**	**1,093,091,951**
Management fee	**–**	**–**	**61,176,992**	**–**	**(26,474,367)**	**34,702,625**
Hotel operation	**–**	**–**	**–**	**79,784,426**	**–**	**79,784,426**
Interest and other income	**341,897,085**	**211,932,401**	**383,300**	**537,606**	**–**	**554,750,392**
	3,059,596,163	**1,424,704,623**	**61,560,292**	**80,322,032**	**(146,154,638)**	**4,480,028,472**
COSTS AND EXPENSES						
Cost of condominium units	**₱2,311,905,168**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,311,905,168**
Hotel operation	**–**	**–**	**–**	**81,621,848**	**–**	**81,621,848**
Selling and administrative	**558,174,691**	**709,753,211**	**56,534,725**	**102,696,671**	**(146,154,638)**	**1,281,004,660**
	2,870,079,859	**709,753,211**	**56,534,725**	**184,318,519**	**(146,154,638)**	**3,674,531,676**
Earnings before interest and taxes	**189,516,304**	**714,951,412**	**5,025,567**	**(103,996,487)**	**–**	**805,496,796**
Finance costs	**77,949,914**	**38,615,281**	**95,429**	**–**	**–**	**116,660,624**
Income before tax	**₱111,566,390**	**₱676,336,131**	**₱4,930,138**	**(103,996,487)**	**₱–**	**₱688,836,172**

	As of December 31 2022					
	Condominium Sales	**Leasing**	**Property Management**	**Hotel operation**	**Intersegment Eliminating Adjustments**	**Total**
ASSETS						
Cash and cash equivalents	**₱921,820,118**	**₱318,556,025**	**₱25,480,758**	**₱26,027,885**	**₱–**	**₱1,291,884,786**
Receivables	**1,979,814,826**	**419,412,423**	**4,332,275**	**7,692,049**	**(8,225,349)**	**2,403,026,224**
Real estate for development and sale	**11,849,733,498**	**–**	**–**	**–**	**–**	**11,849,733,498**
Other current assets	**1,595,492,404**	**950,240,054**	**10,336,313**	**20,464,722**	**(134,170)**	**2,576,399,323**
Property and equipment	**142,249,629**	**18,131**	**1,078**	**3,409,421,160**	**–**	**3,551,689,998**
Investment properties	**–**	**16,605,151,587**	**–**	**–**	**–**	**16,605,151,587**
Other noncurrent assets	**475,959,435**	**172,404,325**	**–**	**995,105**	**–**	**649,358,865**
	₱16,965,069,910	**₱18,465,782,545**	**₱40,150,424**	**₱3,464,600,921**	**(₱8,359,519)**	**₱38,927,244,281**
LIABILITIES						
Accounts and other payables	**3,147,924,063**	**2,501,780,885**	**4,888,692**	**55,820,508**	**(8,321,349)**	**5,702,092,799**
Lease liabilities	**98,973,598**	**241,131,066**	**–**	**–**	**–**	**340,104,664**
Customers' advances and deposits	**3,349,065,026**	**48,340,833**	**1,293,940**	**985,156**	**(38,170)**	**3,399,646,785**
Loans payable	**17,073,462,902**	**2,893,005,574**	**–**	**–**	**–**	**19,966,468,476**
	₱23,669,425,589	**₱5,684,258,358**	**₱6,182,632**	**₱56,805,664**	**(₱8,359,519)**	**₱29,408,312,724**

1. Segment assets exclude net deferred tax assets.
2. Segment liabilities exclude income tax payable, other taxes payable, pension liabilities and net deferred tax liabilities.

December 31, 2021

	Year-ended December 31, 2021					
	Condominium Sales	Leasing	Property Management	Hotel operation	Intersegment Eliminating Adjustments	Total
REVENUE						
Real estate sales	₱2,768,504,302	₱–	₱–	₱–	₱–	₱2,768,504,302
Rental income	–	1,059,416,615	7,727,545	–	–	1,067,144,160
Management fee	–	–	52,603,306	–	(19,258,464)	33,344,842
Interest and other income	414,432,286	90,736,095	376,432	15,175	–	505,559,988
	3,182,936,588	1,150,152,710	60,707,283	15,175	(19,258,464)	4,374,553,292
COSTS AND EXPENSES						
Cost of condominium units	2,598,803,247	–	–	–	–	2,598,803,247
Selling and administrative	535,147,727	573,364,053	64,496,173	52,093,608	(19,258,464)	1,205,843,097
	3,133,950,974	573,364,053	64,496,173	52,093,608	(19,258,464)	3,804,646,344
Earnings before interest and taxes	48,985,614	576,788,657	(3,788,890)	(52,078,433)	–	569,906,948
Finance costs	29,025,234	19,687,563	80,194	–	–	48,792,991
Income before tax	₱19,960,380	₱557,101,094	(₱3,869,084)	(₱52,078,433)	₱–	₱521,113,957

	As of December 31 2021					
	Condominium Sales	Leasing	Property Management	Hotel operation	Intersegment Eliminating Adjustments	Total
ASSETS						
Cash and cash equivalents	₱1,075,572,341	₱162,656,657	₱17,266,114	11,743,615	₱–	₱1,267,238,727
Receivables	3,594,607,949	219,539,109	32,626,246	55,383	–	3,846,828,687
Real estate for development and sale	8,745,706,850	–	–	–	–	8,745,706,850
Other current assets	2,125,953,453	212,450,406	12,037,624	2,205,613	–	2,352,647,096
Property and equipment	81,185,372	5,158	17,849	2,898,637,581	–	2,979,845,960
Investment properties	–	16,857,563,302	–	–	–	16,857,563,302
Other noncurrent assets	243,046,702	847,755,058	48,000	1,311,206	–	1,092,160,966
	₱15,866,072,667	₱18,299,969,690	₱61,995,833	₱2,913,953,398	₱–	₱37,141,991,588

(Forward)

	As of December 31 2021					
	Condominium Sales	Leasing	Property Management	Hotel operation	Intersegment Eliminating Adjustments	Total
LIABILITIES						
Accounts and other payables	₱3,257,773,828	₱894,075,607	₱36,279,014	₱5,123,853	₱–	₱4,193,252,302
Lease liabilities	33,630,358	246,711,830	–	–	–	280,342,188
Customers' advances and deposits	2,880,547,985	422,184,483	3,832,694	–	–	3,306,565,162
Loans payable	10,803,366,339	9,627,753,353	–	–	–	20,431,119,692
	₱16,975,318,510	₱11,190,725,273	₱40,111,708	₱5,123,853	₱–	₱28,211,279,344

1. Segment assets exclude net deferred tax assets.
2. Segment liabilities exclude income tax payable, other taxes payable, pension liabilities and net deferred tax liabilities.

December 31, 2020

	Year-ended December 31, 2020					
	Condominium Sales	Leasing	Property Management	Hotel operation	Intersegment Eliminating Adjustments	Total
REVENUE						
Real estate sales	₱2,125,814,640	₱–	₱–	₱–	₱–	₱2,125,814,640
Rental income	–	1,022,465,244	–	–	–	1,022,465,244
Management fee	–	–	48,665,690	–	(17,718,851)	30,946,839
Interest and other income	415,106,820	301,694,951	2,719,412	89,912	–	719,611,095
	2,540,921,460	1,324,160,195	51,385,102	89,912	(17,718,851)	3,898,837,818
COSTS AND EXPENSES						
Cost of condominium units	2,247,861,019	–	–	–	–	2,247,861,019
Selling and administrative	629,132,077	379,152,069	44,826,480	52,499,236	(17,718,851)	1,087,891,011
	2,876,993,096	379,152,069	44,826,480	52,499,236	(17,718,851)	3,335,752,030
Earnings before interest and taxes	(336,071,636)	945,008,126	6,558,622	(52,409,324)	–	563,085,788
Finance costs	32,807,667	20,320,337	94,834	–	–	53,222,838
Income before tax	(₱368,879,303)	₱924,687,789	₱6,463,788	(₱52,409,324)	₱–	₱509,862,950

	As of December 31 2020					
	Condominium Sales	Leasing	Property Management	Hotel operation	Intersegment Eliminating Adjustments	Total
ASSETS						
Cash and cash equivalents	₱1,027,726,351	₱317,126,479	₱4,522,968	25,904,581	₱–	₱1,375,280,379
Receivables	3,149,200,326	2,169,627,192	10,544,529	26,555	–	5,329,398,602
Real estate for development and sale	7,780,358,358	–	–	–	–	7,780,358,358
Other current assets	256,943,159	1,660,440,426	39,709	846,500	–	1,918,269,794
Property and equipment	114,393,909	1,555,456	31,771	2,604,193,172	–	2,720,174,308
Investment properties	–	15,221,425,058	–	–	–	15,221,425,058
Other noncurrent assets	1,090,283,183	103,252,582	5,578,760	1,852,311	–	1,200,966,836
	₱13,418,905,286	₱19,473,427,193	₱20,717,737	₱2,632,823,119	₱–	₱35,545,873,335
LIABILITIES						
Accounts and other payables	₱2,268,982,097	₱1,370,449,310	₱16,056,675	₱4,698,251	₱–	₱3,660,186,333
Lease liabilities	12,867,836	306,153,971	–	–	–	319,021,807
Customers' advances and deposits	2,816,704,219	667,980,133	–	–	–	3,484,684,352
Loans payable	11,212,986,976	8,097,660,527	–	–	–	19,310,647,503
	₱16,311,541,128	₱10,442,243,941	₱16,056,675	₱4,698,251	₱–	₱26,774,539,995

1. Segment assets exclude net deferred tax assets
2. Segment liabilities exclude income tax payable, other taxes payable, pension liabilities and net deferred tax liabilities.

Intercompany revenue amounted to ₱146.15 million, ₱19.26 million and ₱17.72 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Capital expenditures with an aggregate amount of ₱6,070.55 million, ₱5,868.13 million and ₱5,307.06 million for the years ended December 31, 2022, 2021 and 2020, respectively, consists of condominium project costs, construction and acquisition cost of investment properties and hotel property, and land acquisitions costs.

Disaggregation of Revenue Information

The Group derives revenue from the transfer of goods and services over time and at a point in time, in different revenue streams and geographical location within the Philippines. The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

Real estate sales and service income

a. Major revenue streams

Real estate sale pertains only to the sale of high-rise condominium units. This sale is revenue from contract with customer recognized over time and generated in the Luzon and Mindanao area.

Rental income is mainly derived from rental of malls, warehouse spaces and other commercial facilities.

Management fee, which is recognized over time, represents the service fee for administering the condominiums.

Hotel operation pertains to room rentals, food and beverage sales, and other ancillary services.

Set out below is the reconciliation of contracts with customers with the amounts disclosed above:

	2022				
	Condominium Sales	**Leasing**	**Hotel operation**	**Property Management**	**Total**
Sales to external customers	**₱2,717,699,078**	**₱1,093,091,951**	**₱79,784,426**	**₱34,702,625**	**₱3,925,278,080**
Inter-segment sales	**–**	**119,680,271**	**–**	**26,474,367**	**146,154,638**
Total	**2,717,699,078**	**1,212,772,222**	**79,784,426**	**61,176,992**	**4,071,432,718**
Inter-segment eliminations	**–**	**(119,680,271)**	**–**	**(26,474,367)**	**(146,154,638)**
Total revenue from contract with customers	**₱2,717,699,078**	**₱1,093,091,951**	**₱79,784,426**	**₱34,702,625**	**₱3,925,278,080**

	2021			
	Condominium Sales	Leasing	Property Management	Total
Sales to external customers	₱2,768,504,302	₱1,059,416,615	₱41,072,387	₱3,868,993,304
Inter-segment sales	–	–	19,258,464	19,258,464
Total	2,768,504,302	1,059,416,615	60,330,851	3,888,251,768
Inter-segment eliminations	–	–	(19,258,464)	(19,258,464)
Total revenue from contract with customers	₱2,768,504,302	₱1,059,416,615	₱41,072,387	₱3,868,993,304

	2020			
	Condominium Sales	Leasing	Property Management	Total
Sales to external customers	₱2,125,814,640	₱1,022,465,244	₱30,946,839	₱3,179,226,723
Inter-segment sales	–	–	17,718,851	17,718,851
Total	2,125,814,640	1,022,465,244	48,665,690	3,196,945,574
Inter-segment eliminations	–	–	(17,718,851)	(17,718,851)
Total revenue from contract with customers	₱2,125,814,640	₱1,022,465,244	₱30,946,839	₱3,179,226,723

Hotel operation
Disaggregation of each source of revenue from contracts with customers is presented below:

	2022*
Room accommodation	₱27,371,727
Food and beverage	51,521,120
Others	891,579
	₱79,784,426

** The commercial operation of Hotel started on July 1, 2022.*

The Group recognizes revenue from room accommodation and services of other operating department of the hotel over time while revenue from sale of food and beverage, souvenirs and others are recognized at a point in time.

The Group has no revenue from transactions with a single external customer amounting to 10% or more of the Group's revenue.

Set out below is the amount of revenue recognized from the following:

	2022	2021
Amounts included in contract liabilities at the beginning of the year	**₱956,542,440**	₱768,125,160

<u>*Performance obligations*</u>

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2022 and 2021 are as follows:

	2022	2021
Within one year	**₱2,176,413,346**	₱2,394,526,372
More than five years	**2,953,774,929**	4,137,094,002
	₱5,130,188,275	₱6,531,620,374

The remaining performance obligations are expected to be recognized through continuous development of the Group's real estate for development and sale projects.

22. Commitments

<u>Lease Commitments</u>

Leases - Group as Lessor
The Group entered into noncancellable lease agreements with third parties covering its investment property portfolio. These leases generally provide for a fixed monthly rental on the Group's warehouse, commercial units, and office spaces. Rent income amounted to ₱1,093.09 million ₱1,067.14 million and ₱1,022.47 million for the years ended December 31, 2022, 2021 and 2020, respectively. Interest expense relating to the accretion of security deposit payable amounted to ₱2.41 million, ₱2.35 million and nil for the years ended December 31, 2022, 2021 and 2020, respectively.

Future minimum rental receivable under the noncancellable operating lease as at December 31, 2022 and 2021 are as follows:

	2022	2021
One year	**₱732,018,216**	₱594,249,774
After one year but not beyond five years	**1,613,438,129**	1,626,099,648
Beyond five years	**–**	7,792,518
	₱2,345,456,345	₱2,228,141,940

Leases - Group as Lessee

The Group has entered into noncancellable lease agreements for the rental of its offices and showroom for a period of one to five years and exhibit booths for a period of one to three months. The lease is renewable upon mutual consent of the contracting parties.

The Group also entered into noncancellable lease agreement for a parcel of land in Parañaque where one of the Group's investment property is located. The lease contract has a lease term of 10 years and is renewable at the sole option of the lessee. Monthly rent shall be fixed for the first two years and will increase by 5% and 7% on the third year to fifth year and on the sixth year to tenth year, respectively.

The following are the amounts recognized in consolidated statements of comprehensive income:

	2022	2021	2020
Amortization expense of right-of-use assets (Notes 8 and 9)	**₱58,506,415**	₱47,494,855	₱47,529,122
Interest expense on lease liabilities	**22,233,597**	19,687,563	20,320,334
Rental expense (Note 16)	**5,646,390**	7,503,916	6,696,142
Total	**₱86,386,402**	₱74,686,334	₱74,545,598

Rental expense recognized pertains to lease agreements related to short-term leases and leases of low-value assets.

The movements in the lease liabilities as at December 31, 2022 and 2021 are presented below:

	2022	2021
Beginning balance	**₱280,342,188**	₱319,021,807
Additions (reversals)	**107,639,950**	(680,971)
Interest expense	**22,233,597**	19,687,563
Payments	**(70,111,071)**	(57,686,211)
	340,104,664	280,342,188
Less noncurrent portion of lease liabilities	**295,849,882**	237,396,090
	₱44,254,782	₱42,946,098

The Group has certain lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business need. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (see Note 3).

Set out below are the undiscounted potential future rental payments as at December 31, 2022 and 2021, relating to period following the exercise date of extension options that are not included in the lease term:

	2022	2021
Less than one year	**₱19,826,799**	₱7,290,611
After one year but not more than five years	**72,131,502**	104,012,249
More than five years	**116,310,628**	–
	₱208,268,929	₱111,302,860

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

	2022	2021
Less than one year	**₱54,566,591**	₱50,316,926
After one year but not more than five years	**190,023,704**	113,530,786
More than five years	**240,912,602**	269,535,881
	₱485,502,897	₱433,383,593

Public-private partnership (PPP) with the local government of Parañaque City
On July 16, 2019, the Group signed a PPP contract in a form of a joint development agreement (JDA) with the local government of Paranaque City (LGU) for a mixed-use development three-tower project. Based on the JDA, the Group will develop a building with three towers (the Project) over a parcel of land owned by the local government of Parañaque City which is located in Barangay Tambo, Parañaque, with the Group bearing all the cost related to the land development and construction of the towers. The parcel of land and the constructed building shall be the contribution of the LGU and the Group, respectively to the JDA. The Group and the LGU shall then receive their respective allocation of the building after the project is completed. The agreement shall be effective for a period of 25 years from the date all conditions stated have been satisfied or waived, renewable for another 25 years at the option of the Group.

As at December 31, 2022 and 2021, the Group incurred construction costs of the building amounting to ₱2,031.11 million and ₱689.26 million, respectively. These are accounted for as investment properties - construction in progress (see Note 9) since the Group has all interest over the project prior to its completion and will be used as commercial properties.

23. **Earnings Per Share**

Basic/diluted EPS amounts attributable to equity holders of the Parent Company for the years ended December 31, 2022, 2021 and 2020 follow:

	2022	2021	2020
Net income attributable to equity holders of Anchor Land Holdings, Inc.	**₱517,547,353**	₱432,838,636	₱349,648,848
Less dividends on preferred shares (Note 19)	**27,733,360**	27,733,360	27,733,360
Net income attributable to equity holders of Anchor Land Holdings, Inc. for basic and diluted EPS	**489,813,993**	405,105,276	321,915,488
Weighted average number of common shares for basic and diluted EPS	**1,040,001,000**	1,040,001,000	1,040,001,000
Basic/diluted EPS	**₱0.47**	₱0.39	₱0.31

The Parent Company does not have potentially dilutive common shares for the years ended December 31, 2022, 2021 and 2020.

24. Changes in Liabilities Arising from Financing Activities

	January 1, 2022	**Additions/ Accretion of interest**	**Net cash flows**	**December 31, 2022**
Loans payable	**₱20,431,119,692**	**₱32,270,907**	**(₱496,922,123)**	**₱19,966,468,476**
Lease liabilities	**280,342,188**	**129,873,547**	**(70,111,071)**	**340,104,664**
Dividends payable	**–**	**48,533,380**	**(48,533,380)**	–
Total liabilities arising from financing activities	**₱20,711,461,880**	**₱210,677,834**	**(₱615,566,574)**	**₱20,306,573,140**

	January 1, 2021	Additions/ Accretion of interest	Net cash flows	December 31, 2021
Loans payable	₱19,310,647,503	₱41,905,698	₱1,078,566,491	₱20,431,119,692
Lease liabilities	319,021,807	19,006,592	(57,686,211)	280,342,188
Dividends payable	–	48,533,380	(48,533,380)	–
Total liabilities arising from financing activities	₱19,629,669,310	₱109,445,670	₱972,346,900	₱20,711,461,880

	January 1, 2020	Additions/ Accretion of interest	Net cash flows	December 31, 2020
Loans payable	₱17,873,998,096	₱27,209,971	₱1,409,439,436	₱19,310,647,503
Lease liabilities	259,928,002	114,672,272	(55,578,467)	319,021,807
Dividends payable	–	121,333,450	(121,333,450)	–
Total liabilities arising from financing activities	₱18,133,926,098	₱263,215,693	₱1,232,527,519	₱19,629,669,310

SGV
Building a better working world

SyCip Gorres Velayo & Co.
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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Anchor Land Holdings, Inc.
15th Floor, L.V. Locsin Building
6752 Ayala Avenue corner Makati Avenue
Makati City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Anchor Land Holdings, Inc. and its Subsidiaries (the Group) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, included in this Form 17-A and have issued our report thereon dated March 27, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's Management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole, are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the consolidated financial statements.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
Tax Identification No. 245-571-753
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1758-A (Group A)
Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-110-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9566008, January 3, 2023, Makati City

March 27, 2023

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Anchor Land Holdings, Inc.
15th Floor, L.V. Locsin Building
6752 Ayala Avenue corner Makati Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Anchor Land Holdings, Inc. and its Subsidiaries (the Group) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 27, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements, and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the SEC, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
Tax Identification No. 245-571-753
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions
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Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-110-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9566008, January 3, 2023, Makati City

March 27, 2023

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

Annex A: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex B: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex C: Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES

INDEX TO SUPPLEMENTARY SCHEDULES

DECEMBER 31, 2022

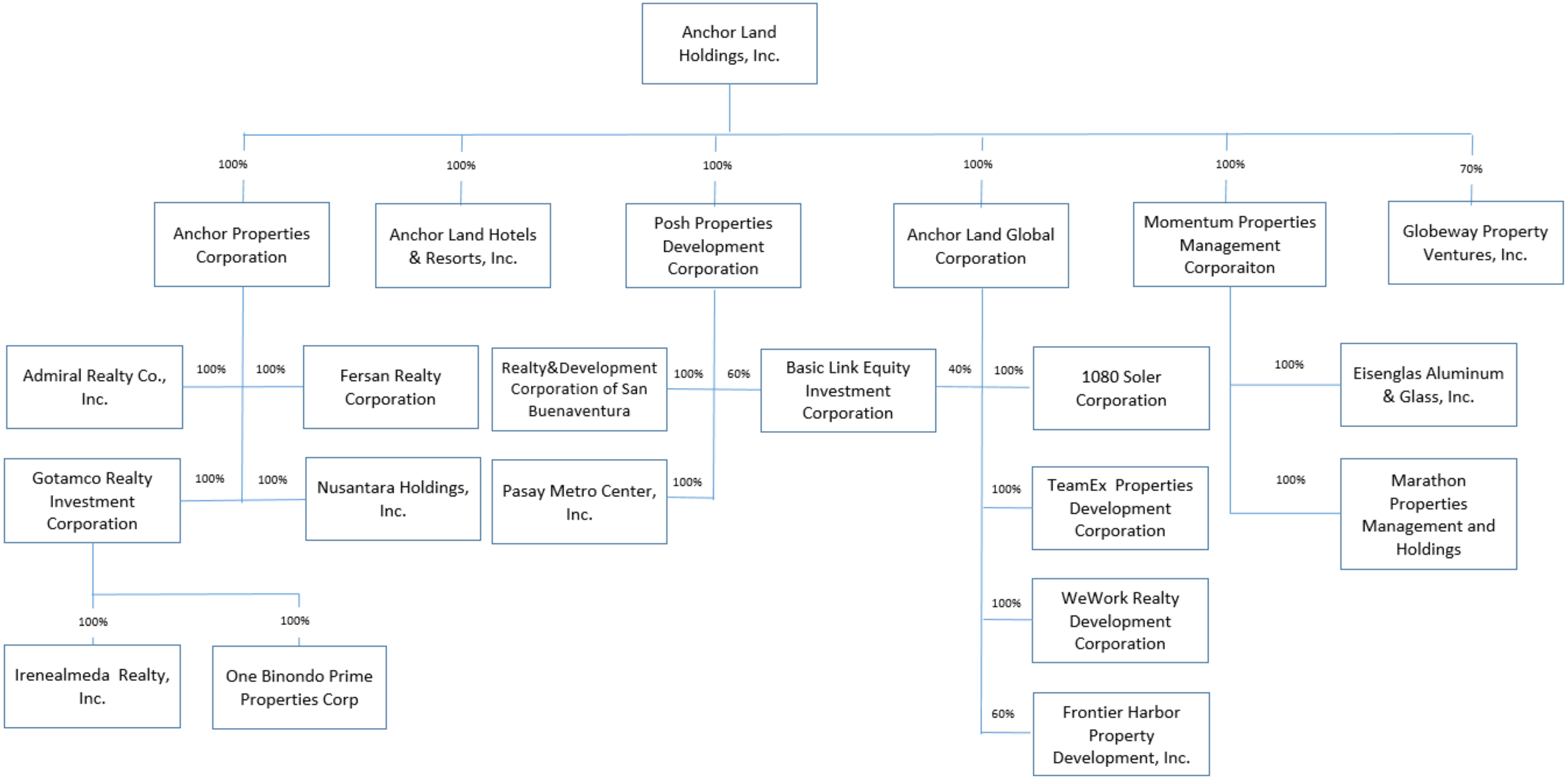
ANCHOR LAND HOLDINGS, INC.

ANNEX A – RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2022

Unappropriated Retained Earnings, beginning	₱1,602,829,434
Adjustments:	
Deferred tax asset that reduced income tax expense in prior year	(59,981,725)
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	1,542,847,709
Net income during the year closed to Retained Earnings	526,189,020
Adjustment for deferred tax asset during the year	(20,359,314)
Net income actually earned during the year	505,829,706
Less:	
Cash dividend declaration during the year	(48,533,380)
Appropriations during the year	(1,000,000,000)
	(1,048,533,380)
Unappropriated Retained Earnings, end available for dividend distribution	₱1,000,144,035

ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES

ANNEX B – MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANY AND ITS ULTIMATE PARENT COMPANY, MIDDLE PARENT, SUBSIDIARIES OR CO-SUBSIDIARIES, ASSOCIATES, WHEREVER LOCATED OR REGISTERED DECEMBER 31, 2022



ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES

SCHEDULE A – FINANCIAL ASSETS
AS OF DECEMBER 31, 2022

Financial assets	Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at end of reporting period	Income received and accrued
Not Applicable					

ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES

SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
AS OF DECEMBER 31, 2022

Name	Balance at beginning of period	Additions	Amounts collected	Current	Non-current	Balance at end of period
Not Applicable						

ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES

SCHEDULE C – AMOUNTS RECEIVABLE FROM/PAYABLE TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2022

	Amounts payable by Subsidiaries to Parent Company							
	Receivable balance per Parent Company							
Name of subsidiary	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period	Payable balance per subsidiary	Current	Non-current
Posh Properties Development Corporation	₱30,563,874	₱–	(₱3,337,152)	₱–	₱27,226,722	₱27,226,722	₱27,226,722	₱–
Globeway Property Ventures, Inc.	326,712,972	1,397,204	–	–	328,110,176	328,110,176	328,110,176	–
Anchor Properties Corporation	541,343,053	321,244,030	–	–	862,587,083	862,587,083	862,587,083	–
1080 Soler Corp.	232,001,173	–	(11,726,001)	–	220,275,172	220,275,172	220,275,172	–
Admiral Realty Co., Inc.	1,284,194,815	133,027,350	–	–	1,417,222,165	1,417,222,165	1,417,222,165	–
Momentum Properties Management Corporation	31,534,448	19,672,682	–	–	51,207,130	51,207,130	51,207,130	–
Anchor Land Global Corporation	80,034,494	–	(8,755,951)	–	71,278,543	71,278,543	71,278,543	–
Frontier Harbor Property Development, Inc.	283,159,883	–	(283,159,883)	–	–	–	–	–
Basiclink Equity Investment Corp.	10,909,154	–	(10,909,154)	–	–	–	–	–
Anchor Land Hotels & Resorts, Inc.	21,360,083	88,008,349	–	–	109,368,432	109,368,432	109,368,432	–
Realty & Development Corporation of San Buenaventura	32,800	–	–	–	32,800	32,800	32,800	–
Wework Realty Development Corp.	3,924,854	500	–	–	3,925,354	3,925,354	3,925,354	–
Fersan Realty Corp.	6,988	2,361,693	–	–	2,368,681	2,368,681	2,368,681	–
Marathon Properties Management and Holdings Corporation	705	–	–	–	705	705	705	–
TeamEx Properties Development Corp.	–	500	–	–	500	500	500	–
	₱2,845,779,296	₱565,712,308	(₱317,888,141)	₱–	₱3,093,603,463	₱3,093,603,463	₱3,093,603,463	₱–

	Amounts payable by Subsidiaries to Posh Properties Development Corporation (PPDC)							
	Receivable balance per PPDC							
Name of subsidiary	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period	Payable balance per subsidiary	Current	Non-current
Admiral Realty Co., Inc.	₱1,238,917,277	₱–	(₱745,285,216)	₱–	₱493,632,061	₱493,632,061	₱493,632,061	₱–
Anchor Land Hotels & Resorts, Inc.	81,547,816	124,038,499	–	–	205,586,315	205,586,315	205,586,315	–
Anchor Properties Corporation	–	443,354,045	–	–	443,354,045	443,354,045	443,354,045	–
Globeway Property Ventures, Inc.	262,892,702	–	(40,000,000)	–	222,892,702	222,892,702	222,892,702	–
Eisenglas Aluminum and Glass, Inc.	11,742,101	–	–	–	11,742,101	11,742,101	11,742,101	–
Realty & Development Corporation of San Buenaventura	3,000	–	–	–	3,000	3,000	3,000	–
Frontier Harbor Property Development, Inc.	444,468,722	–	(444,468,722)	–	–	–	–	–
	₱2,039,571,618	₱567,392,544	(₱1,229,753,938)	₱–	₱1,377,210,224	₱1,377,210,224	₱1,377,210,224	₱–

	Amounts payable by Subsidiaries to Anchor Properties Corporation (APC)							
	Receivable balance per APC							
Name of subsidiary	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period	Payable balance per subsidiary	Current	Non-current
Admiral Realty Co., Inc.	₱8,221,719	₱–	(₱8,221,719)	₱–	₱–	₱–	₱–	₱–
Gotamco Realty Investment Corporation	59,197,752	–	(59,197,752)	–	–	–	–	–
Nusantara Holdings, Inc.	7,842,562	–	(7,842,562)	–	–	–	–	–
Fersan Realty Corp.	2,361,693	–	(2,361,693)	–	–	–	–	–
	₱77,623,726	₱–	(₱77,623,726)	₱–	₱–	₱–	₱–	₱–

	Amounts payable by Subsidiaries to Gotamco Realty Investment Corporation (GRIC)							
	Receivable balance per GRIC							
Name of subsidiary	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period	Payable balance per subsidiary	Current	Non-current
Admiral Realty Co., Inc.	₱1,434,205,479	₱208,161,875	₱–	₱–	₱1,642,367,354	₱1,642,367,354	₱1,642,367,354	₱–
Anchor Properties Corporation	–	44,136,416	–	–	44,136,416	44,136,416	44,136,416	–
Anchor Land Hotels & Resorts, Inc.	48,500,325	–	–	–	48,500,325	48,500,325	48,500,325	–
Globeway Property Ventures, Inc.	13,012,163	–	–	–	13,012,163	13,012,163	13,012,163	–
1080 Soler Corp.	3,269,979	3,780	–	–	3,273,759	3,273,759	3,273,759	–
Frontier Harbor Property Development, Inc.	433,848,637	–	(433,848,637)	–	–	–	–	–
Nusantara Holdings, Inc.	32,360,049	–	(32,360,049)	–	–	–	–	–
TeamEx Properties Development Corp.	6,023,683	–	–	–	6,023,683	6,023,683	6,023,683	–
Momentum Properties Management Corporation	1,244,180	–	(134)	–	1,244,046	1,244,046	1,244,046	–
Anchor Land Global Corporation	–	387,362,539	–	–	387,362,539	387,362,539	387,362,539	–
One Binondo Prime Properties Corp.	–	2,500,000	–	–	2,500,000	2,500,000	2,500,000	–
	₱1,972,464,495	₱642,164,610	(₱466,208,820)	₱–	₱2,148,420,285	₱2,148,420,285	₱2,148,420,285	₱–

	Amounts payable by Subsidiaries to Momentum Properties Management Corporation (MPMC)							
	Receivable balance per MPMC							
Name of subsidiary	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period	Payable balance per subsidiary	Current	Non-current
Eisenglas Aluminum and Glass, Inc.	₱4,810,878	₱5,013	₱–	₱–	₱4,815,891	₱4,815,891	₱4,815,891	₱–

	Amounts payable by Subsidiary to Basiclink Equity Investment Corp. (BEIC)							
	Receivable balance per BEIC							
Name of subsidiary	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period	Payable balance per subsidiary	Current	Non-current
Admiral Realty Co., Inc.	₱27,877,826	₱–	(₱9,549,301)	₱–	₱18,328,525	₱18,328,525	₱18,328,525	₱–
Posh Properties Development Corporation	32,040,817	–	(32,040,817)	–	–	–	–	–
1080 Soler Corp.	3,932,411	–	–	–	3,932,411	3,932,411	3,932,411	–
Frontier Harbor Property Development, Inc.	17,954,565	–	(17,954,565)	–	–	–	–	–
	₱81,805,619	₱–	(₱59,544,683)	₱–	₱22,260,936	₱22,260,936	₱22,260,936	₱–

	Amounts payable by Subsidiaries to Irenealemeda Realty, Inc. (IRI)							
	Receivable balance per IRI							
Name of subsidiary	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period	Payable balance per subsidiary	Current	Non-current
Gotamco Realty Investment Corporation	₱1,756,709	₱182,671	₱–	₱–	₱1,939,380	₱1,939,380	₱1,939,380	₱–

	Amounts payable by Subsidiaries to Anchor Land Global Corporation. (ALGC)							
	Receivable balance per ALGC							
Name of subsidiary	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period	Payable balance per subsidiary	Current	Non-current
Frontier Harbor Property Development, Inc.	₱–	₱374,996,426	₱–	₱–	₱374,996,426	₱374,996,426	₱374,996,426	₱–

ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES

SCHEDULE D – LONG TERM DEBT
AS OF DECEMBER 31, 2022

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related Statement of Financial Position	Amount shown under caption "Long-Term Debt" in related Statement of Financial Position	Interest rates	No. of periodic installment	Maturity date
Long-term loans	₱17,131,900,463	₱3,854,910,026	₱13,276,990,437	4.25% to 8.95%	Various	(Various from) December 2023 to July 2032
Receivable financing	808,372,209	497,248,724	311,123,485	4.13% to 7.00%	Various	(Various from) February 2023 to December 2024
Notes payable	6,195,804	2,954,634	3,241,170	3.90% to 4.72%	60	(Various from) May 2023 to August 2027

ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES

SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED PARTIES)
AS OF DECEMBER 31, 2022

Name of related party	Balance at beginning of period	Balance at end of period
Not Applicable		

ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES

SCHEDULE F – GUARANTEES OF SECURITIES OF OTHER ISSUERS
AS OF DECEMBER 31, 2022

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
Not Applicable				

ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES

SCHEDULE G – CAPITAL STOCK
AS OF DECEMBER 31, 2022

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common	3,500,000,000	1,040,001,000	–	–	171,914,093	N/A
Preferred	1,300,000,000	346,667,000	–	–	52,101,900	N/A

ANCHOR LAND HOLDINGS, INC.
SCHEDULE ON FINANCIAL SOUNDNESS INDICATORS
As of and for the years ended December 31, 2022 and 2021

	Formula	2022	2021
Current ratio	Total Current Assets / Total Current Liabilities	**1.19**	1.58
Acid test ratio	Total Current Assets (excluding inventory) / Total Current Liabilities	**0.38**	0.68
Solvency Ratio	Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) / Short-term and Long-term Debt	**6.05%**	5.22%
Debt to equity ratio	Total Liabilities / Total Equity	**3.27**	3.29
Asset to equity ratio	Total Assets / Total Equity	**4.27**	4.29
Interest rate coverage ratio	EBITDA / Interest expense (including capitalized portion)	**1.47**	1.19
Return on assets	Net Income attributable to the holders of Parent Company / Total Assets	**1.32%**	1.16%
Net profit margin	Net Income attributable to the holders of Parent Company / Total Revenue	**11.55%**	9.89%
Return on equity	Net Income attributable to the holders of Parent Company / Total Equity	**5.65%**	5.00%
Book value per share	Equity attributable to common share holders / Number of outstanding shares	**₱8.48**	₱8.01

Sustainability Report

Contextual Information

Company Details	
Name of Organization	Anchor Land Holdings, Inc. ("Anchor Land")
Location of Headquarters	15th Floor L.V. Locsin Building, 6752 Ayala Ave. corner Makati Ave., Makati City
Location of Operations	Philippines
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	Key operating subsidiaries: 1. Anchor Properties Corporation 2. Posh Properties Development Corporation 3. Gotamco Realty Investment Corporation 4. Nusantara Holdings, Inc. 5. Admiral Realty Company, Inc. 6. Momentum Properties Management Corporation 7. 1080 Soler Corp. 8. Basiclink Equity Investment Corp. 9. Globeway Property Ventures, Inc. 10. Anchor Land Hotels & Resorts, Inc.
Business Model, including Primary Activities, Brands, Products, and Services	Anchor Land is a holding company with affiliate and subsidiary companies that engage in real estate development activities. The company began with the development of residential condominiums, and expanded its portfolio to include logistics hubs, hotels, offices, and dormitories.
Reporting Period	January 1 to December 31, 2022
Highest Ranking Person responsible for this report	Atty. Maria Carmela Lajom Senior Manager/Head –Corporate Affairs Department

Materiality Process

The Disclosure Topics in the template provided by the Securities and Exchange Commission (SEC), attached to its Memorandum Circular No. 4 Series of 2019 as Annex "A" of the Guidelines, are largely based on the GRI framework. The Project Team has thus decided to use such Disclosure Topics in this report, instead of the actual GRI items.

The materiality, or the impact, of each Disclosure Topic to the economy, environment, and society is evaluated keeping in mind **(1)** the U.N. Sustainable Development Goals (SDG) to which the Disclosure Topic contributes and **(2)** the degree to which Anchor Land generates the impact and/or the impact's relevance to its stakeholders.

Quoting a section on **GRI 101: Foundation 2016**, under **1.3 Materiality**:

> Relevant topics, which potentially merit inclusion in the report, are those that can reasonably be considered important for reflecting the organization's economic, environmental, and social impacts, or influencing the decisions of stakeholders. In this context, 'impact' refers to the effect an organization has on the economy, the environment, and/or society (positive or negative). A topic can be relevant – and so potentially material – based on only one of these dimensions.

Since all material impacts lead to the 17 U.N. Sustainable Development Goals (SDGs), considered herein as an ultimate and universal set of targets for sustainability, the Project Team has decided to make the U.N. SDGs incident to materiality.

With respect to the degree to which Anchor Land generates the impact and/or the impact's relevance to its stakeholders, each Disclosure Topic is rated either as **High** wherein the company immediately causes the impact; **Medium** wherein the company influences, but not causes, the impact; and **Low to Not Applicable**. In all 3 ratings, the company's stakeholders are considered, if a particular item affects their decisions and/or interests. Those rated as **High** or **Medium** are considered material in this report.

In **GRI 101: Foundation 2016**, under **1.1 Stakeholder Inclusiveness**:

> Stakeholders are defined as entities or individuals that can reasonably be expected to be significantly affected by the reporting organization's activities, products, or services; or whose actions can reasonably be expected to affect the ability of the organization to implement its strategies or achieve its objectives.

Stakeholders can therefore be thought of as parties that are affected by the impact and/or those that affect the organization that generates the impact. Depending on the item, the company's stakeholders can mean its employees, suppliers, customers, Government, the community, and so forth.

The following table is a summary of the result of the Materiality Process:

Disclosure Topic	Relevant U.N. SDG	Degree of Impact and/or Relevance to Stakeholders
Economic		
Economic Performance		
Direct Economic Value Generated and Distributed	**SDG #8** Decent Work and Economic Growth	**High**
Climate-Related Risks and Opportunities	**SDG #13** Climate Action	**Medium**
Procurement Practices		
Proportion of spending on local suppliers	**SDG #12** Responsible Consumption and Production	**High**
Anti-Corruption		
Training on Anti-Corruption Policies and Procedures	**SDG #16** Peace, Justice, and Strong Institutions	**High**
Incidents of Corruption	**SDG #16** Peace, Justice, and Strong Institutions	**High**
Environment		
Resource Management		
Energy	**SDG #7** Affordable and Clean Energy	**Medium**
Water	**SDG #6** Clean Water and Sanitation	**Medium**
Materials	**SDG #12** Responsible Consumption and Production	**High**
Ecosystem and Biodiversity		
Watersheds	**SDG #14** Life below Water **SDG #15** Life on Land	**Low to Not Applicable** Anchor Land does not have projects that affect watersheds.
Marine	**SDG #14** Life below Water	**Medium**
IUCN[1]/KBA[2]	**SDG #14** Life below Water **SDG #15** Life on Land	**Low to Not Applicable** Anchor Land does not have projects that endanger animals.
Environmental Impact		
Air Emission		
GHG	**SDG #3** Good Health and Well-Being **SDG #13** Climate Action	**Medium**

NOx, Sox, PM	**SDG #3** Good Health and Well-Being **SDG #13** Climate Action	**Medium**
Solid and Hazardous Waste	**SDG #3** Good Health and Well-Being	**Medium**
Effluents	**SDG #14** Life below Water	**Medium**
Environmental Compliance	**SDG #16** Peace, Justice, and Strong Institutions	**High**
Social		
Employee Management		
Employee Hiring and Benefits	**SDG #8** Decent Work and Economic Growth	**High**
Employee Training and Development	**SDG #4** Quality Education	**High**
Labor-Management Relations	**SDG #8** Decent Work and Economic Growth	**High**
Diversity, Equal Opportunity, and Anti-Discrimination	**SDG #5** Gender Equality **SDG #10** Reduced Inequalities	**High**
Workplace Conditions, Labor Standards, and Human Rights		
Occupational Health and Safety	**SDG #3** Good Health and Well-Being	**High**
Labor Standards and Human Rights	**SDG #16** Peace, Justice, and Strong Institutions	**High**
Supply Chain Management	**SDG #16** Peace, Justice, and Strong Institutions	**High**
Relationship with Community		
Significant Impacts on Local Communities	**SDG #10** Reduced Inequalities	**High**
Customer Management		
Customer Satisfaction	No U.N. SDG found to be directly applicable.	**High**
Health and Safety	**SDG #3** Good Health and Well-Being	**High**
Marketing and Labelling	No U.N. SDG found to be directly applicable.	**High**
Customer Privacy	No U.N. SDG found to be directly applicable.	**High**

Data Security	No U.N. SDG found to be directly applicable.	**High**

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed (in Millions)

Disclosure	Amount	Units
Direct economic value generated (revenue)	4,480	PhP
Direct economic value distributed:		
a. Operating costs	2,640	PhP
b. Employee wages and benefits	286	PhP
c. Payments to suppliers, other operating costs	539	PhP
d. Dividends given to stockholders and interest payments to loan providers	165	PhP
e. Taxes given to government	333	PhP
f. Investments to community (e.g., donations, CSR)	-	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** These financial results impact the local economy in which the company is domiciled. The local economy includes employment, investment activities, tax payments, and community assistance, all of which are factors in U.N. SDG # 8: Decent Work and Economic Growth. • **Where the Impact Occurs:** In the course of the company's business. • **The Organization's Involvement:** Directly.	• **Stakeholders that Cause / Influence the Impact:** The organization itself. • **Stakeholders Affected by the Impact:** o Third-Party Suppliers / Service Providers / Contractors. o Investors. o Government. o Community.	Anchor Land aims to consistently manage properly the company's financial well-being, build sustainable communities, and create more products and services. It continues to do this by creating a niche, serving the under-served market, which led to its ever-increasing portfolio of projects. The Company aims to be more involved in its CSR activities now that the pandemic has less restrictions.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

Mismanagement of company economics can result to insolvency / illiquidity or worse, bankruptcy.	• **Stakeholders that Cause / Influence the Impact:** The organization itself. • **Stakeholders Affected by the Impact:** Investors.	Anchor Land shall remain true to its proven formula, which allows it to sustain its growing portfolio from residential developments to logistics hubs, hotels, offices, and dormitories.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
While staying true to a proven formula is paramount, the company also does not want to outdate its product offerings. The company should therefore keep an eye out for new market segments that it can enter through its strong market research and feedback mechanism.	• **Stakeholders that Cause / Influence the Impact:** The organization itself. • **Stakeholders Affected by the Impact:** Investors.	Anchor Land can explore entering into new real estate market segments. (Options withheld, in the interest of confidentiality.)

Climate-Related Risks and Opportunities

Governance Disclose the organization's governance around climate-related risks and opportunities	Anchor Land supports the management of risks and opportunities related to climate change. It has remained compliant with various laws and regulations that encourage the protection of the environment, including The Climate Change Act of 2009, Philippine Clean Air Act of 1999, Toxic and Hazardous Substances and Nuclear Wastes Control Act of 1990 and The Philippine Clean Water Act of 2004. The company's Management remains mindful of climate change's potential impacts to its projects, for instance, by constructing its projects based on changing weather patterns or by reducing the projects' carbon emission. In so doing, the company has created opportunities by always being on the lookout for new technologies that would adapt to climate change, like technologies that reduce energy and water consumption.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	Managing these risks and opportunities positively impacts the organization. On top of being more up-to-date on new energy-efficient or water-efficient technologies, climate-related risks and opportunities influence the design of its projects. The Centrium, the company's LEED pre-certified Gold project, for instance, helps in reducing carbon footprint through use of natural light which in turn reduces energy consumption.

Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	A few items Anchor Land has started to implement: • Implementation of LEED requirements for its projects to contribute to the reduction of carbon emission through climate-friendly design; and • Identification of project development stages where the most energy and water are consumed in order to properly manage these stages, and in return, reduce or improve consumption of energy.
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	Anchor Land has started to secure 3rd-party certification on green building, such as the USGBC. The Centrium is LEED pre-certified Gold.

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	90	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** Procuring from local suppliers provides for sustainable sourcing capability* which ultimately impacts the local economy. *In U.N. SDG # 12: Responsible Consumption and Production. • **Where the Impact Occurs:** During commissioning of 3rd-Party Suppliers / Service Providers. • **The Organization's Involvement:** Directly.	• **Stakeholders that Cause / Influence the Impact:** Procurement Team. • **Stakeholders Affected by the Impact:** o 3rd-Party Suppliers / Service-Providers. o Community.	Anchor Land supports the local economy by sourcing products and talents from local suppliers. It maintains long-term relationship with partners that share the same passion for excellence and provides opportunities to new consultants with specific technical expertise/skills to help the company offer quality projects and unique solutions to its clientele. This in turn sustains local economy and make it more robust.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

Local suppliers may be more profit-driven than quality-driven. Local suppliers also need more resources to cope with the current economic growth to recover from the loss due to pandemic.	• **Stakeholders that Cause / Influence the Impact:** Procurement Team. • **Stakeholders Affected by the Impact:** 3rd-Party Suppliers / Service-Providers.	Anchor Land shall continue to work with local suppliers and help them grow their respective businesses, thereby improving the quality of their goods / services. Anchor Land also procures from reputable suppliers, and those who invest in their own companies' growth for the improvement of the economy.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There is an opportunity to "train" the suppliers to become world class, by imparting to them the company's commitment to quality. There is also an opportunity to promote and assist local manufacturer and suppliers by procuring from them.	• **Stakeholders that Cause / Influence the Impact:** Procurement Team. • **Stakeholders Affected by the Impact:** 3rd-Party Suppliers / Service-Providers.	Anchor Land, by virtue of close Management involvement in the projects, are training the suppliers to better themselves in terms of quality. Working with local suppliers also help them grow in their respective industries.

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
• **Impact:** Corruption creates an imbalance in resource allocation, which eventually creates a shadow economy.	• **Stakeholders that Cause / Influence the Impact:** The organization itself.	Anchor Land strictly upholds its Conflict of Interests Policy, Whistleblowing Policy and Insider Trading Policy and complies with national laws and regulations on

Ultimately, it impacts the local economy and compromises the company's contribution to U.N. SDG # 16: Peace, Justice, and Strong Institutions, since it also implies non-compliance with laws and regulations. • **Where the Impact Occurs:** Can occur during transactions with Business Partners, Government, and with 3rd-Party Suppliers / Service Providers. • **The Organization's Involvement:** Directly.	• **Stakeholders Affected by the Impact:** o Business Partners. o Government. o 3rd-Party Suppliers / Contractors.	anti-corruption, including the Anti-Money Laundering Act as amended. These policies encourage all employees to report any form of fraud or illegal activities committed by another employee regardless of rank. All employees and interfacing parties are made aware of such a policy at the outset. Copies of the above-mentioned policies may be found in the company website at https://anchorland.com.ph/company-policies/
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Giving / receiving personal gifts or favors can lead to unfair business practices and unhealthy competition among suppliers.	• **Stakeholders that Cause / Influence the Impact:** The organization itself. • **Stakeholders Affected by the Impact:** o Business Partners. o Government. o 3rd-Party Suppliers / Contractors.	Anchor Land prohibits employees from giving / receiving personal gifts or favors.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The company can strengthen its existing policies by furthering its culture of integrity at work.	• **Stakeholders that Cause / Influence the Impact:** The organization itself. • **Stakeholders Affected by the Impact:** The organization's employees.	Anchor Land regularly reviews its anti-corruption policies to ensure their relevance and constantly reminds its employees on anti-corruption policies. Anchor Land also maintains a professional atmosphere in all its dealings with business partners, government, and 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
• **Impact:** Corruption creates an imbalance in resource allocation, which eventually creates a shadow economy. Ultimately, it impacts the local economy and compromises the company's contribution to U.N. SDG # 16: Peace, Justice, and Strong Institutions, since it also implies non-compliance with laws and regulations. • **Where the Impact Occurs:** Can occur during transactions with Business Partners, Government, and with 3rd-Party Suppliers / Service Providers. • **The Organization's Involvement:** Directly.	• **Stakeholders that Cause / Influence the Impact:** The organization itself. • **Stakeholders Affected by the Impact:** o Business Partners. o Government. o 3rd-Party Suppliers / Contractors.	Anchor Land strictly upholds its Conflict of Interests Policy, Whistleblowing Policy and Insider Trading Policy and complies with national laws and regulations on anti-corruption, including the Anti-Money Laundering Act as amended. These policies encourage all employees to report any form of fraud or illegal activities committed by another employee regardless of rank. All employees and interfacing parties are made aware of such a policy at the outset. Copies of the above-mentioned policies may be found in the company website at https://anchorland.com.ph/company-policies/
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Giving / receiving personal gifts or favors can lead to unfair business practices and unhealthy competition among suppliers.	• **Stakeholders that Cause / Influence the Impact:** The organization itself. • **Stakeholders Affected by the Impact:** o Business Partners. o Government. o 3rd-Party Suppliers / Contractors.	Anchor Land prohibits employees from giving / receiving personal gifts or favors.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The company can strengthen its existing policies by furthering its culture of integrity at work.	• **Stakeholders that Cause / Influence the Impact:** The organization itself. • **Stakeholders Affected by the Impact:** The organization's employees.	Anchor Land regularly reviews its anti-corruption policies to ensure their relevance and constantly reminds its employees on anti-corruption policies. The Company also has an open door policy wherein any employee may discuss any concern it has with HR or Management. Anchor Land also maintains a professional atmosphere in all its dealings with business partners, government, and contractors.

ENVIRONMENT

Resource Management

Energy Consumption within the Organization

Disclosure	Quantity	Units
Energy consumption (renewable sources)	-	GJ
Energy consumption (gasoline)	8.21	GJ
Energy consumption (LPG)	4,871.55	GJ
Energy consumption (diesel)	11,503.67	GJ
Energy consumption (electricity)	18,616,129.25	kWh

Reduction of Energy Consumption

Disclosure	Quantity	Units
Energy consumption (gasoline)	-	GJ
Energy consumption (LPG)	-	GJ
Energy consumption (diesel)	6,551.40	GJ
Energy consumption (electricity)	(406,105.70)	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** In particular, use of fossil fuels such as gas and diesel increases carbon emission, ultimately	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams.	Anchor Land regularly monitors its energy usage on a monthly basis and finds ways to reduce its energy

leading to climate change. It is also adverse to U.N. SDG # 7: Affordable and Clean Energy, since such energy sources are not considered clean and environmental. • **Where the Impact Occurs:** During construction and property management. • **The Organization's Involvement:** Indirectly through 3rd-party contractors and residents / tenants.	o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	consumption. The increase of consumption for this year viz-a-vis to the consumption for 2021 is primarily due to the resumption of normal operations in the Company's commercial establishments brought about by the full blown and complete restarting of business and the lifting of the community quarantines restrictions.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Fossil fuels can run out and are thus not sustainable in the short-term. In the long-term, carbon emission which changes climate patterns can cause unpredictable events such as hurricanes and rising sea levels.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	Anchor Land uses experiential data to determine the project stages with high energy consumption levels, in order to address those stages accordingly.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
New technologies that can improve the company's energy efficiency are available.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	Anchor Land is always on the lookout for new technologies that can save on energy consumption. For example, in Centrium, an LEED pre-certified Gold property, Anchor Land uses an energy-saving materials, equipment, and design that promote use of natural light.

Water Consumption within the Organization

Disclosure	Quantity	Units
Water withdrawal	16,741.00	Cubic Meters
Water consumption	1,302,675.24	Cubic Meters
Water recycled and re-used	12.00	Cubic Meters

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>Impact: Increased water consumption can hasten the current national threat of water shortage. If consumption becomes inefficient, it also contradicts <u>U.N. SDG # 6: Clean Water and Sanitation</u>.
Where the Impact Occurs: During construction and property management.
The Organization’s Involvement: Indirectly through 3rd-party contractors and residents / tenants.</td><td>Stakeholders that Cause / Influence the Impact:
Construction / Property Management Teams.
3rd-Party Contractors.
Residents / Tenants.
Stakeholders Affected by the Impact: Community.</td><td>Anchor Land regularly monitors its water usage on a monthly basis and finds ways to reduce its water consumption.</td></tr>
<tr><th>What are the Risk/s Identified?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>Freshwater can run out. And water scarcity poses tremendous risk, primarily on health.</td><td>Stakeholders that Cause / Influence the Impact:
Construction / Property Management Teams.
3rd-Party Contractors.
Residents / Tenants.
Stakeholders Affected by the Impact: Community.</td><td>Anchor Land uses experiential data to determine project stages with high water consumption levels, in order to address those stages accordingly.

Prospectively, Anchor Land has to improve further its water recycling capability, in order to remain sustainable.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>New technologies for improving the company’s water consumption levels are available – wastewater recycling, for example.</td><td>Stakeholders that Cause / Influence the Impact:
Construction / Property Management Teams.
3rd-Party Contractors.
Residents / Tenants.
Stakeholders Affected by the Impact: Community.</td><td>Anchor Land is always on the lookout for new technologies that can improve its water consumption levels.

For example, in <u>Centrium</u>, an LEED pre-certified Gold property, Anchor Land uses designs and fixtures that promote efficient usage of water.</td></tr>
</table>

Materials Used by the Organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	2,200.00	kg/liters
• non-renewable	0.00	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	0**	%

**The company currently does not have an efficient way of tracking materials by weight or volume, and whether recycled materials are used as inputs in the organization's products. Nonetheless, the company intends to put in place a good metric for subsequent reports.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** Use of renewable materials and recycling can positively impact the environment and provide for a more efficient management of resources, aligned with U.N. SDG # 12: Responsible Consumption and Production. • **Where the Impact Occurs:** During construction and property management. • **The Organization's Involvement:** Indirectly through 3rd-party contractors.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** Community.	Prospectively, Anchor Land intends to institutionalize recycling within the organization, particularly on Construction and Property Management (i.e., the direct contributors to its primary product). Anchor Land currently finds reputable contractors that purchases scrap metal in order to reduce wastage while ensuring that the excess materials will still be put to good use.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Materials are finite resources which can run out. However, recycled materials may impart a low-quality impression to customers.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** o Customers / Clients. o Community.	Anchor Land has ventured into an LEED project that promotes correct usage of materials during construction. In Centrium, for example, Anchor Land strictly collects and stores its recyclables, so it can prospectively track the reuse of its construction materials.

		On the other hand, Anchor Land shall need to educate its clients on the benefits of recycling.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The company can turn recycling into a marketing campaign, in pursuit of educating its clients.	• **Stakeholders that Cause / Influence the Impact:** Marketing Team. • **Stakeholders Affected by the Impact:** Customers / Clients.	Anchor Land can prospectively turn itself into a steward of recycling. On top of recycling's positive impact to the company's economic sustainability, it also helps the environment in that it pre-supposes reduced use of materials.

<u>Ecosystems and Biodiversity (whether in Upland/Watershed or Coastal/Marine)</u>

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas**	• One Soler • Princeview Parksuites • Anchor Grandsuites • Admiral Baysuites/Grandsuites/Hotel • MayFair Tower • Juan Luna Logistics • 8 Alonzo Parksuites • One Financial Center • One Legacy Grandsuites • Cornell Parksuites • Copeton Baysuites • Solemare Parksuites • Monarch Parksuites	
Habitats protected and restored	N.A.	Hectares
IUCN17 Red List species and national conservation list species with habitats in areas affected by operations	N.A.	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** Projects located near (or has access to) bodies of water can cause water pollution which can then impact marine	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants.	Anchor Land properly maintains its sewage systems in order to ensure that the projects do not compromise marine life.

biodiversity (U.N. SDG # 14: Life Below Water). • **Where the Impact Occurs:** During construction and property management. • **The Organization's Involvement:** Indirectly through 3rd-party contractors and residents / tenants.	• **Stakeholders Affected by the Impact:** Community.	
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Laguna Lake, in particular, is an important fishery and source of irrigation. It is therefore unsustainable to compromise it, as it poses risk to food source.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	Anchor Land ensures that water treatment and sewage facilities are in place to protect natural waterways near the project.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There is an opportunity to formalize this into a campaign that raises awareness on protecting marine biodiversity.	• **Stakeholders that Cause / Influence the Impact:** Public Relations Team. • **Stakeholders Affected by the Impact:** Community.	Anchor Land includes in its Corporate Social Responsibility (CSR) Programs the continued awareness on environmental protection. It can prospectively plan on creating a CSR program specifically for protecting marine biodiversity for a major body of water like Laguna Lake.

Environmental Impact Management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	0**	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	0**	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	0**	Tonnes

**The company currently does not have reliable means of tracking its GHG emission inventory. The company intends to develop a way to measure emissions in order to present more comprehensive subsequent reports.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** Greenhouse Gas impacts air quality and contributes to global warming, thus is related to both U.N. SDG # 3: Good Health and Well-Being and # 13: Climate Action. • **Where the Impact Occurs:** In buildings during energy generation, particularly through use of fossil fuels. **The Organization's Involvement:** Indirectly through 3rd-party contractors and residents / tenants.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	Anchor Land intends to institutionalize reliable means of tracking its GHG inventory in order to properly manage it.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
In the short-term, compromising breathable air quality is a heath concern. In the long-term, global warming poses immeasurable sustainability risk to ecosystems and societies.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	In particular, Anchor Land needs to further manage its use of fossil fuel by finding ways to consume less energy and exploring alternative means of energy generation.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
New technologies that can improve the company's energy efficiency and serve as alternate energy source are available.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	Anchor Land continues to study available technologies in the market to reduce its energy consumption, for instance, the use of e-vehicles.

Air Pollutants

Disclosure	Quantity	Units
NOx	3,794.11	Kg
SOx	468.50	Kg
Persistent organic pollutants (POPs)	0.00	Kg
Volatile organic compounds (VOCs)	0.00	Kg
Hazardous air pollutants (HAPs)	0.00	Kg
Particulate matter (PM)	0.00	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
• **Impact:** NOx and SOx emissions impact air quality, first and foremost, and contributes to global warming in the longer term. It covers both U.N. SDG # 3: Good Health and Well-Being and # 13: Climate Action. • **Where the Impact Occurs:** During construction and property management. • **The Organization's Involvement:** Indirectly through 3rd-party contractors.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** Community.	Anchor Land regularly monitors air quality in its construction sites and in properties that it manages, as a matter of practice.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Compromised air quality caused by deteriorating machines and equipment carries health hazards.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** Community.	Anchor Land constantly monitors and maintains machines and equipment used in its properties.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
New technologies and more modern machines that cause less emissions and air pollutants can be explored.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** Community.	Anchor Land can invest in more modern, less maintainable, and better quality machines. Anchor Land also ensures continuous compliance with

		ECC requirements on the prevention of air pollution. For example, in The Centrium, an LEED pre-certified Gold property, Anchor Land uses low-emitting materials and thermal comfort designs while tracking air quality performance.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	2,600,340.60	kg
Reusable	105,051.00	kg
Recyclable	28,649.90	kg
Composted	116,916.06	kg
Incinerated	150,000.00	kg
Residuals/Landfilled	327,395.34	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
• **Impact:** Improper disposal of solid waste causes soil, water, and air contamination, which in turn impacts health (U.N. SDG # 3: Good Health and Well-Being). • **Where the Impact Occurs:** Mostly during construction. • **The Organization's Involvement:** Indirectly through 3rd-party contractors.	• **Stakeholders that Cause / Influence the Impact:** o Construction Team. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** Community.	Anchor Land strictly requires the General Contractor to properly manage their waste generation and disposal during construction.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Construction waste, if left unchecked, can pose hazard to health and then the environment.	• **Stakeholders that Cause / Influence the Impact:** o Construction Team. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** Community.	Anchor Land strictly monitors the implementation of the General Contractor's waste management plan. The General Contractor is required to prepare such plan and provide the proper facility to implement it.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
There is an opportunity to be LEED-compliant for this item. LEED has a Construction Waste Management Plan that provides a specific set of guidelines to properly manage waste.	• **Stakeholders that Cause / Influence the Impact:** o Construction Team. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** Community.	Anchor Land shall continue to evaluate the use of LEED guidelines for its projects. Anchor Land also ensures continuous compliance with ECC requirements on proper disposal of waste.

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	2,022.49	kg
Total weight of hazardous waste transported	3,298.00	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
• **Impact:** Improper disposal of hazardous waste impacts health (U.N. SDG # 3: Good Health and Well-Being). • **Where the Impact Occurs:** Mostly during construction. • **The Organization's Involvement:** Indirectly through 3rd-party contractors.	• **Stakeholders that Cause / Influence the Impact:** o Construction Team. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** Community.	Anchor Land strictly requires the General Contractor to properly manage their waste generation and disposal during construction. In this report, the hazardous waste included busted light bulbs and used oil. The amount of waste transported also seemed high because those accumulated in the project sites from the years 2016 to 2020 were only hauled in 2021.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
If improperly disposed, hazardous waste causes severe impact to health – cancer, for one.	• **Stakeholders that Cause / Influence the Impact:** o Construction Team. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** Community.	Anchor Land strictly monitors the implementation of the General Contractor's waste management plan. The General Contractor is required to prepare such plan and provide the proper facility to implement it.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
There is an opportunity to be LEED-compliant for this item. LEED has a Construction Waste Management Plan that provides a specific set of guidelines to properly manage waste.	• **Stakeholders that Cause / Influence the Impact:** o Construction Team. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** Community.	Anchor Land shall continue to evaluate the use of LEED guidelines for its projects. Anchor Land also ensures continuous compliance with ECC requirements on proper disposal of waste.

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	328,116.07	Cubic Meters
Percent of wastewater recycled	10.00	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** If untreated, effluents can be a hazard to marine life (U.N. SDG # 14: Life below Water). • **Where the Impact Occurs:** During construction and project management. • **The Organization's Involvement:** Indirectly through 3rd-party contractors and residents / tenants.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	Anchor Land follows a set of guidelines on proper management of effluents and discharge. The Company ensures that its projects are in compliance with the set rules and regulations of the various government agencies like the Department of Environment and Natural Resources with regard to water discharges and effluents. Prospectively, Anchor Land has to come up with a mechanism for recycling wastewater. As a side effect, recycling also improves the company's water efficiency.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Untreated wastewater is a hazard to marine life. In the longer term, it can adversely affect food source.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	Anchor Land conducts periodic monitoring and maintenance of its sewage treatment plants.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There is an opportunity to formalize the management of effluents, through re-use of existing guidelines such as DENR Administrative Order (DAO) 2016-08.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	Anchor Land ensures that all properties comply with DENR Administrative Order (DAO) 2016-08, the country's water quality and effluent guidelines. Anchor Land also ensures continuous compliance with ECC requirements on the management of effluents.

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	20,000.00	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	2.00	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** Non-compliance with environmental laws and regulations directly impacts the general environment, as such laws exist for the environment's	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors.	While there were instances of failing tests with regard to wastewater management, these concerns were immediately addressed, corrected, and improved upon to secure

protection. As an aside, it also compromises the company's contribution to U.N. SDG # 16: Peace, Justice, and Stong Institutions. • **Where the Impact Occurs:** During construction and property management. • **The Organization's Involvement:** Direct Involvement.	o Government, particularly DENR. • **Stakeholders Affected by the Impact:** Community.	passing test results from the DENR. Anchor Land requires strict enforcement of regulations to ensure that its projects comply with all applicable laws and regulations.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Non-compliance with environmental laws and regulations can damage an area's biodiversity.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Government, particularly DENR. • **Stakeholders Affected by the Impact:** Community.	Anchor Land remains mindful of the communities into which it enters. In particular, it never intends to cause environmental disruption in the communities. It maintains good relationship with all appropriate government agencies in all locations it enters.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There is an opportunity to improve relationship with the relevant government agency, for closer guidance on laws and regulations.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Government, particularly DENR. • **Stakeholders Affected by the Impact:** Community.	Anchor Land already maintains good relationship with the proper government agencies, such as DENR, through the Corporate Affairs Team. The property management teams also faithfully comply with the requirements mandated by the ECC and the DENR for the environment's protection.

SOCIAL

Employee Management

<u>Employee Hiring and Benefits</u>

Employee Data

Disclosure	Quantity	Units
Total number of employees	441	#
a. Number of female employees	228	#
b. Number of male employees	225	#
Attrition rate	42.40%	Rate
Ratio of lowest paid employee against minimum wage	0	Ratio

List of Benefits	Y/N	% of Female Employees Who Availed for the Year	% of Male Employees Who Availed for the Year
SSS			
SSS Sickness	Yes	13.56%	10.74%
SSS Maternity	Yes	1.69%	0
SSS Loan	Yes	10.09%	10.31%
SSS Calamity Loan	Yes	0.00%	0.00%
Philhealth			
Hospitalization/ In-patient & Out Patient	Yes	4.59%	6.73%
Pag-Ibig			
Pag-Ibig Loan Multi-Purpose	Yes	18.28%	12.64%
Pag-Ibig Loan Calamity	Yes	0.00%	0.00%
Parental Leaves	Yes	3.39%	1.16%
Vacation Leaves	Yes	75.23%	75.23%
Sick Leaves	Yes	72.65%	72.65%
Others: Bereavement Assistance	Yes	3.39%	0.58%
Others: Calamity Assistance	Yes	0.56%	0.00
Medical benefits (aside from PhilHealth)	Yes	93.58%	87.44%
Housing assistance (aside from Pag-Ibig)	No	n/a	n/a
Retirement fund (aside from SSS)	No	n/a	n/a

Further education support	No	n/a	n/a
Company stock options	No	n/a	n/a
Telecommuting	Yes	11.30%	9.88%
Flexible-working Hours	Yes	20.62%	20.62%
(Others)	No	n/a	n/a

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
• **Impact:** A motivated and productive workforce positively impacts the company's growth, thereby contributing to U.N. SDG # 8: Decent Work and Economic Growth. • **Where the Impact Occurs:** During employees' tenure in the company. • **The Organization's Involvement:** Directly through Management, in coordination with Human Resources.	Anchor Land provides competitive compensation and benefits to its employees.
What are the Risk/s Identified?	Management Approach
Despite the competitive compensation and benefits, employees may still look for employment elsewhere for better opportunities or career growth. Essentially, increase in the attrition rate is a risk.	Anchor Land conducts Annual Performance Assessment for each employee to provide them feedback on their performance and to establish future goals. This also serves as basis for salary increases, bonuses, and/or promotion. For existing employees, it also conducts Exit Interviews.
What are the Opportunity/ies Identified?	Management Approach
The company can explore a retention program for employees, especially those with good talent.	Study to improve existing compensation package and benefits and continuously train everyone to be better performer.

Disclosure	Quantity	Units
Total training hours provided to employees	464	Hours
a. Female employees	209	Hours
b. Male employees	255	Hours
Average training hours provided to employees		
a. Female employees	3.94	hours/employee
b. Male employees	5.31	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
• **Impact:** A skilled workforce, ultimately contributing to U.N. SDG # 4: Quality Education. • **Where the Impact Occurs:** During the employees' tenure in the company.	Anchor Land values the continuing education of its employees, as it ultimately contributes to the company's successful implementation of its mission and vision, as well as improve the skills set and supplement the achievements of its employees, thereby increasing their worth.

• **The Organization's Involvement:** Directly through Management, in coordination with Human Resources.	
What are the Risk/s Identified?	Management Approach
Lack of proper training causes poor delivery, outdated skills, and lack of growth for the employee. Training therefore is more sustainable, and contributes greatly to the employees' skills and performance which would ultimately benefit the company.	Create 3-year training program to address soft skills of high potentials for future leadership requirements of the Company.
What are the Opportunity/ies Identified?	Management Approach
A training program tailored for each department / employee is in order.	Anchor Land needs to institutionalize training as part of its corporate culture. Training needs analysis will be done on a regular basis for each department.

Labor Management Relations

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
• **Impact:** A venue for discussing employee concerns, compensation and benefits included, impacts productivity and attrition and ultimately, U.N. SDG # 8: Decent Work and Economic Growth. • **Where the Impact Occurs:** During employees' tenure in the company. • **The Organization's Involvement:** Directly through Management, in coordination with Human Resources.	Anchor Land does not have a Collective Bargaining Agreement with its employees. In place of which, employees are made aware at the outset that they may raise any concern with their immediate head and/or the Human Resources.
What are the Risk/s Identified?	Management Approach
The lack of a formal organization or venue for employees to bring up their concerns may be a concern for some to look for employment opportunities.	Anchor Land maintains a culture wherein employees can freely raise their grievances.
What are the Opportunity/ies Identified?	Management Approach
In place of a CBA or a union, the company may appoint a dedicated point person or a committee to which employees can bring up their concerns.	Anchor Land can explore appointing an employee relations officer or set up a dedicated committee in the Human Resources Department.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	50.72%	%
% of male workers in the workforce	49.28%	%
Number of employees from indigenous communities and/or vulnerable sector*	6	#

*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
• **Impact:** Diversity in workforce positively impacts the general community. It contributes to U.N. SDP #5 Gender Equality and #10 Reduced Inequality. • **Where the Impact Occurs:** During employees' tenure in the company. • **The Organization's Involvement:** Directly through Management, in coordination with Human Resources.	Anchor Land hires based on qualifications and not on gender, race, or age. It has a non-discriminatory hiring and on-boarding process, providing equal opportunity to everyone.
What are the Risk/s Identified?	Management Approach
Lack of diversity can mean a very linear and singular source of ideas. Moreover, bias may prevent the company from hiring the person with the best fit for a position.	Anchor Land's hiring process and recognition program are based on qualifications and performance.
What are the Opportunity/ies Identified?	Management Approach
A more formal diversity program can be explored.	Anchor Land can explore creating a more robust policy that encourages it to hire an even more diverse set of people.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	100%*	Man-hours (in %)
No. of work-related injuries	0*	#
No. of work-related fatalities	0*	#

No. of work related ill-health	0*	#
No. of safety drills	0*	#

*Pertains to employees under the company's direct employ only, until the company puts in place a reliable means of tracking second-order employees (e.g., those employed by 3rd-party contractors).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
• **Impact:** Minimizes loss (or compromise) of life, thereby contributing to U.N. SDP #3: Good Health and Well-Being. • **Where the Impact Occurs:** In the course of the company's business. • **The Organization's Involvement:** Directly.	Anchor Land promotes the well-being and safety of its employees by means of relevant policies on safety and health protocols.
What are the Risk/s Identified?	Management Approach
Loss (or compromise) of life, particularly in the course of physical work such as in construction, is the ultimate risk.	While Anchor Land's does not have authority and control over construction workers as they are not directly under its employ, Anchor Land requires the General Contractors to strictly comply with Occupational Safety and Health Standards to ensure protection of the workers in its projects.
What are the Opportunity/ies Identified?	Management Approach
A more formal program for health and safety of workers, from employees to second-order workers (e.g., employees of General Contractors)	Anchor Land can explore making the relevant policies even more comprehensive and perhaps make it mandatory for all its 3rd party contractors.

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	No	No written policy, but explicitly disallowed. All employees voluntarily applied to the Company and went through the proper hiring process.

Child Labor	No	No written policy, but explicitly disallowed. There has been no instance where the Company hired a minor.
Human Rights	Yes	Sexual Harassment Workplace Policy Program HIV AIDS Workplace Policy Program Hepatitis B Workplace Policy Program Tuberculosis Workplace Policy Program Copies of the policies are available at https://www.anchorland.com.ph/company-policies/

*Anchor Land complies with all applicable laws and regulations in relation to forced and child labor, despite not having written policies that prohibit them. Anchor Land is against forced or child labor and ensures that the company, as well as its partner contractors, do not practice such.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
• **Impact:** Compliance with labor laws and protection of human rights impact employees and the general communities' well-being, both legally and morally. Related to U.N. SDG # 16: Peace, Justice, and Strong Institutions. • **Where the Impact Occurs:** In the course of the company's business. • **The Organization's Involvement:** Directly.	Anchor Land ensures its commitment to uphold human rights through the different company policies in place to provide safe, healthy and discrimination-free work environment. Any illegal practice, such as child labor and forced labor, is completely unacceptable.
What are the Risk/s Identified?	Management Approach
External parties such as suppliers, contractors or third-party providers may not have the same level of commitment to abide by labor laws and human rights legislation and regulations.	Anchor Land makes it a point to engage only those external parties with the same level of commitment to uphold labor laws and human rights by conducting due diligence or background checks.
What are the Opportunity/ies Identified?	Management Approach
There is an opportunity to formalize further the company's upholding of labor laws and human rights, for instance, by creating an even more robust set of policies and guidelines.	Anchor Land can explore making the relevant policies even more comprehensive in scope.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy: The Company's Supplier Accreditation Policy has been drafted and is for approval by the Board of Directors.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, Cite Reference in the Company Policy
Environmental performance	Yes	No written policy yet; the draft policy is for approval by the Board of Directors.
Forced labor	Yes	No written policy yet; the draft policy is for approval by the Board of Directors.
Child labor	Yes	No written policy yet; the draft policy is for approval by the Board of Directors.
Human rights	Yes	No written policy yet; the draft policy is for approval by the Board of Directors.
Bribery and corruption	Yes	Conflict of Interests Policy Policy on Material Related Party Transactions Copies of the policies are available at https://anchorland.com.ph/company-policies/)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
• **Impact:** Requiring that suppliers have a good history of abiding by these laws and regulations ensures their propriety and integrity. Ultimately, it contributes to U.N. SDG # 16: Peace, Justice, and Strong Institution. • **Where the Impact Occurs:** During procurement. • **The Organization's Involvement:** Directly through the Procurement Team.	Anchor Land ensures that all suppliers undergo accreditation and that they submit all legal documents pertaining to their operations prior to submitting their bids or proposals.
What are the Risk/s Identified?	Management Approach
There is a negative social effect of being in association with defaulting suppliers.	Anchor Land conducts factory / shop visits during supplier accreditation, to get a sense of their propriety in their business practices, then validates the same during their delivery of their product / service.

What are the Opportunity/ies Identified?	Management Approach
A more formal and comprehensive policy on vendor accreditation is in order.	Anchor Land is already in the process of fine-tuning the policy for vendor management.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impact on local communities (exclude CSR projects; this has to be business operations)	Central Link: A mixed-use commercial project under a Public-Private Partnership (PPP) scheme with the City Government of Parañaque.
Location	Parañaque City
Vulnerable groups (if applicable)*	The employment of Class D and E, among others
Does the particular operation have impacts on indigenous people (Y/N)?	No
Collective or individual rights that have been identified that or particular concern for the community	An entire building in Central Link shall be allocated to the City Government, partly for their Satellite City Hall, addressing the citizens' (and non-citizens') need of speedy government transactions and police / rescue response.
Mitigating measures (if negative) or enhancement measures (if positive)	Enhancement measure: The project shall have a commercial segment which will further improve employment in the local community.

*Vulnerable sectors include 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: Not Applicable. The Company has no projects that have involved or affected any IP groups or communities.

Disclosure	Quantity	Units
FPIC process is still undergoing	N.A.	#
CP secured	N.A.	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Anchor Land project developments do not affect any indigenous people/community.	N.A.
What are the Risk/s Identified?	Management Approach
No risks are involved or identified with regard to indigenous people/community.	N.A.
What are the Opportunity/ies Identified?	Management Approach
Anchor Land intends to protect and secure the informed consent of indigenous	N.A.

people/community in the event it has a project that will involve them.	

Customer Management

Customer Satisfaction

Disclosure	Score	Did a Third Party Conduct the Customer Satisfaction Study? (Y/N)
Customer Satisfaction	No measurement has been established.*	No

*Anchor Land provides customer feedback through various platforms. However, the company is still in the process of putting-up a capability to properly quantify and monitor the satisfaction of its buyers / lessees, in pursuit of having a metric ready in the subsequent reports.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
• **Impact:** Measuring customer satisfaction impacts how the company properly addresses customer concerns and improves the products and services being offered. • **Where the Impact Occurs:** From selling, to turnover, to product use. • **The Organization's Involvement:** Directly through Sales / Turnover / Customer Service / Property Management Teams.	Anchor Land has a central channel for all types of concerns of its clientele. Its Customer Service team promptly evaluates and resolves customer concerns. All these contribute to customer satisfaction.
What are the Risk/s Identified?	**Management Approach**
Customer dissatisfaction, whether founded or not, can adversely affect the company's social value. Compromise of which can then adversely affect the company's long-term sustainability.	Anchor Land has a tracker in place for all feedback provided by its customers, which includes both their concerns and what they like about the company's products and services. The company, on the other hand, still needs to roll out a survey to quantify and gauge its customers' satisfaction, and to better manage customers' feedback.
What are the Opportunity/ies Identified?	**Management Approach**
An improved and quantifiable customer complaints and feedback mechanism to ensure customer satisfaction.	Since it maintains a tracker for customer feedback, Anchor Land can further explore implementing a customer satisfaction survey to further improve products and services and provide over-all customer satisfaction measurement.

Health and Safety

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

*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
• **Impact:** Minimizes loss (or compromise) of life, thereby contributing to U.N. SDP #3: Good Health and Well-Being. • **Where the Impact Occurs:** From construction to property management • **The Organization's Involvement:** Directly.	Anchor Land mindfully and carefully plans and executes its units / commercial areas for the residents' / tenants' health and safety. For example, each unit is equipped with fire extinguisher, which is regularly replaced. All property management offices have their own first aid kits in case of any medical emergency within the property.
What are the Risk/s Identified?	Management Approach
Customers' perception of compromised health and safety can adversely affect the sustainability of the company's business.	Anchor Land sees to it that its units / commercial areas do not pose any health and safety hazards by putting up warnings and making available safety-related items.
What are the Opportunity/ies Identified?	Management Approach
The company can turn its high performance on health and safety into a marketing campaign.	Anchor Land can add "healthy and safe" developments as part of its corporate image.

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
• **Impact:** Inaccurate marketing adversely affects clients' trust.	Anchor Land ensures that its Marketing correctly represents its products and that the contractors

• **Where the Impact Occurs:** From marketing to unit construction / delivery. • **The Organization's Involvement:** Directly through Marketing, Construction, and all teams in between	immediately rectifies the issues raised by customers, if any.
What are the Risk/s Identified?	Management Approach
Aside from social sustainability risks related to trust, inaccurate marketing can cause deferred unit acceptance, repair costs, and possible buy-back.	Anchor Land can improve the alignment between what is being communicated by its Marketing Team and what is being delivered by the project delivery team, no matter how minor.
What are the Opportunity/ies Identified?	Management Approach
Better alignment from marketing to construction.	Anchor Land can explore setting up a task force team composed of Marketing, Design, and Construction representatives, to ensure alignment on the products.

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	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
• **Impact:** Any unwarranted use/disclosure of customer information may negatively affect both the customer and the company. • **Where the Impact Occurs:** Anywhere in the organization. • **The Organization's Involvement:** Directly.	Anchor Land values the privacy and confidentiality of the personal data of its clients, customers, employees, partners and other stakeholders. Anchor Land commits itself to implement policies, practices and processes in compliance with the data privacy act (DPA), National Privacy Commission (NPC) issuances, and other related laws.
What are the Risk/s Identified?	Management Approach
Employees' lack of awareness regarding data privacy and security may hinder company's effort to be fully compliant with data privacy laws.	Anchor Land created a privacy policy which informs clients, customers, employees, partners, and other stakeholders on what personal data we collect, how we collect, use, disclose, process, protect and retain personal data in our possession.

What are the Opportunity/ies Identified?	Management Approach
Strengthening data privacy and security awareness among the company's clients, customers, employees, partners, and other stakeholders.	Anchor Land implements an internal communication campaign, which raises awareness of the importance of privacy and security through internal communications, events, and activities.

Data Security

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

*There was no Data breach committed/reported for the covered period.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
• **Impact:** Any unwarranted use/disclosure of customer information may negatively affect both the customer and the company. • **Where the Impact Occurs:** Anywhere in the organization. • **The Organization's Involvement:** Directly.	Anchor Land uses secure servers, firewall, encryptions, and other security controls. Only qualified authorized personnel are given access to process personal data. Third-party personnel or organization commissioned to process personal information is required to execute non-disclosure/confidentiality agreement and observe our privacy policy.
What are the Risk/s Identified?	Management Approach
Considering the ever-changing digital landscape, there is a possibility of a more sophisticated cyber-attacks against the company.	Anchor Land continuously monitors changes, amendments of the DPA, issuances of the NPC and other related laws, and best practices related to data protection.
What are the Opportunity/ies Identified?	Management Approach
There is an opportunity to improve cyber-security program of the company to equip itself with better capability of managing possible cyber-security threats.	Anchor Land can roll out a cyber-security awareness and training for its employees, especially to its IT personnel.

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
The Centrium LEED Pre-Certified Gold	SDG # 9: Affodable and Clean Energy The Centrium uses an energy-saving technology that promotes use of natural light.	All hazards mentioned in the Disclosure Topics related to construction and use of real estate projects, particularly the loss of life resulting from construction.	The Company conducts site visits, strict monitoring and audit to ensure presence of the necessary safety officers that does strict implementation of the Safety and Health Standards.
Central Link Commercial Mixed-Use Project	SDG # 1: No Poverty and SDG # 8: Decent Work and Economic Growth The project can potentially generate many jobs, particularly for Paranaque City citizens.	All hazards mentioned in the Disclosure Topics related to construction and use of real estate projects, particularly the loss of life resulting from construction.	The Company conducts site visits, strict monitoring and audit to ensure presence of the necessary safety officers who conduct strict implementation of the Safety and Health Standards.