

SEC Number **152249**  
File Number

**ARANETA PROPERTIES INCORPORATED**

Company's Full Name

**21<sup>st</sup> Floor Citibank Tower, Paseo de Roxas, Makati City**

Company's Address

**(632) 848-1501**

Telephone Number

**December 31**

Fiscal Year Ending  
(Month & Day)

**17-Q 3<sup>rd</sup> Quarter**

Form Type

Amended Designation (If Applicable)

**September 30, 2023**

Period Ended Date

**Registered and Listed**

Secondary License Type and File Number

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2) (b) THEREUNDER

1. For the quarterly period ended September 30, 2023
2. SEC Identification No. 152249 3. BIR Tax Identification No. 050-000-840-355
4. Exact name of issuer as specified in its charter: ARANETA PROPERTIES, INC.
5. \_\_\_\_\_  
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code:  (SEC Use Only)
7. 21<sup>st</sup> Floor, Citibank Tower, Paseo de Roxas, Makati City  
Address of issuer's principal office Postal Code
8. (632) 848-1501  
Registrant's telephone number, including area code
9. Former name, former address, and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Section 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Shares	1,951,387,570

11. Are any or all of these securities listed on the Philippine Stock Exchange?  
Yes [X] No [ ]

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and Rule 17 of the SRC thereunder or Sections 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 90 days:

Yes [X] No [ ]

# PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

The financial statements of Araneta Properties Incorporated (ARA) are filed as part of this Form 17-Q.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations; Plan of Operation

### Plan of Operation

#### During the Third Quarter of 2023

The third quarter of 2023 business operation shows very slow performance reeling from the various catastrophe specifically the Russian and Ukraine conflict, and as well as Israel and Hamas war not to mention the Covid-19 pandemic which more than a year disrupted operation of all businesses not only in the Country but all over the world. While struggling to operate under the “*new normal*” category and as will the world-wide effect of the Ukraine crises an added impact from economic uncertainties, here comes also the Israel and Hamas conflict which is also another line item concern in the cost of fuel worldwide.

While, the National Government is already allowing businesses both Large and Small-Medium Enterprise to operate and be able to regain recovery of which the Lever 3 classification of Community Quarantine (CQ) for the National Capital Region has send a bright scenario in allowing all businesses to operate under new normal will somehow help businesses to regain momentum.

The company is already implementing its marketing strategies developed in Year 2014, specifically the holding on of some Inventory for a much better price. This strategy has created a favorable momentum for the company's operation with at right timing of implementation of sales forecast. During the disrupted operation due to CoVid-19 pandemic, the Company also focused on managing and developing a new high margin inventory, increasing efficiency on land banking, and enhancing perspective for more marketing strategies. Even further, the Company also undertook fine-tuning the whole system, maintaining and improving *Colinas Verdes*, the subdivision's brand name and position to the market, sustaining and promoting strengths and advantages of the entire system, stabilizing organizational structure, conceptualizing training programs for both staff and management groups, ensuring financial resources for the operation of the whole system without compromising low cost but promoting instead effective cash management program and fund flow management

Part of management measures to rationalize the fund flow requirements of the Company during this trying time is to unload the more or less 17.3 hectares parcels of land located at Manticao Misamis Oriental which the Company considered it as non-performing assets.

The Company generate no sales for the quarter is and compared to P4.607 million of the same period of year 2022. This performance is directly attributed to economic uncertainties brought about by the effect of the CoVid-19 pandemic incorporated by the Ukraine and Israel crises.

The management is still optimistic that in due time the marketing strategies in Year 2014, specifically the holding on of some Inventory for amuch better price. Based on forecast this strategy will create a favorable momentum for the Company's while waiting for the right timing on the implementation of sales forecast.The Company for the time being have to focus on managing and developing anew high

margin inventory, increasing efficiency on land banking, and enhancing perspective for more marketing strategies. Even further, the Company also undertook fine-tuning the whole system, maintaining and improving *Colinas Verdes*, the subdivision's brand name and position to the market, sustaining and promoting strengths and advantages of the entire system, stabilizing organizational structure, conceptualizing training programs for both staff and management groups, ensuring financial resources for the operation of the whole system without compromising low cost but promoting instead effective cash management program and fund flow management.

The above strategies are already conclusive. As of September 30, 2023 The Company already sold seventy-eight (78) subdivided lots with more or less Thirteen Thousand Nine hundred Nineteen 13,919 square meters of subdivided lot with price per square meter ranging from P13,000.00 to P25,000.00 per square meter, much more higher than the P7,500.00 per square meter, which is the average selling price when the Company implemented its strategy in year 2014 by to hold-on to market its inventory for a much higher margin.

Project Percentage of Completion (PPOC), the residential area of Phase 1, Phase 2 & Phase 3 are 100%, 100% & 99.68% respectively complete, while the Country-Club is 98.00% complete as of September 30, 2023. The Company uses the project percentage of completion (**PPOC for brevity**) in determining sales during the period.

**Table I** – The comparative figures of the results of revenue for the three (3) months period ending September 30, 2023 with comparative figures of year 2022 and 2021 for the same three (3) months period

	For three (3) months Period			% Change	% Change
<i>In millions (Php)</i>	Year 2021	Year 2022	Year 2023	2021 vs 2022	2022 vs 2023
Income from Real Estate	5.225	4.607	-0-	(11.825%)	(100.00%)
Accretion of Interest Income	2.401	1.472	1.217	(38.696%)	(17.300%)
Total revenue	7.626	6.079	1.217	(20.284%)	(17.300%)

**Table II** –The comparative figures of the results of revenue for the nine (9) months period ending September 30, 2023 with comparative figures of year 2022 and 2021 for the same nine (9) months period

	For nine (9) months Period			% Change	% Change
<i>In millions (Php)</i>	Year 2021	Year 2022	Year 2023	2020 vs 2021	2022 vs 2023
Income from Real Estate	23.744	47.151	27.451	98.581%	(41.781%)
Accretion of Interest Income	5.123	4.310	3.857	(15.871%)	(10.503%)
Total revenue	28.867	51.461	31.308	78.268%	(39.161%)

**Table III** – The comparative figures of the results of operations and other operating income for the three (3) months period ending September 30, 2023 with comparative figures of year 2022 and 2021 for the same three (3) months period

	For three (3) months Period			% Change	% Change
<i>In millions (Php)</i>	Year 2021	Year 2022	Year 2023	2021 vs 2022	2022 vs 2023
Revenue	7.241	5.984	-0-	(11.825%)	(100.000%)
Less: Expenses	12.969	13.809	(15.798)	7.194%	13.632%
Net Income (loss)	(5.728)	(7.825)	(15.798)	20.025%	69.950%
Add: Other Income	0.384	0.005	1.217	(38.696%)	(17.300%)
Net Income (before tax)	(5.344)	(7.824)	(14.581)	46.401%	86.361%

**Table IV** – The comparative figures of the results of operations for the nine (9) months period ending September 30, 2023 with comparative figures of year 2022 and 2021 for the same nine (9) months period

<i>In millions (Php)</i>	For nine (9) months Period			% Change	% Change
	Year 2021	Year 2022	Year 2023	2021 vs 2022	2022 vs 2023
Revenue	28.440	51.220	<b>27.451</b>	98.581%	<b>(41.781%)</b>
Less: Expenses	39.320	48.322	<b>47.134</b>	23.502%	<b>(2.941%)</b>
Net Income	(10.880)	2.897	<b>(19.683)</b>	(90.940%)	<b>1294.654%</b>
Add: Other Income	0.426	0.002	<b>3.857</b>	(15.871%)	<b>(10.503%)</b>
Net Income (before tax)	(10.454)	2.899	<b>(15.825)</b>	(127.730%)	<b>(645.919%)</b>

### During the Third Quarter of 2022

The third quarter of 2022 business operation shows very slow performance reeling from the effect of the Covid-19 pandemic which disrupted operation of all businesses in the National Capital Region struggling to operate under the “new normal” category and as will the world-wide effect of the Ukraine crises has and added impact from economic uncertainties.

While, the National Government is already allowing businesses both Large and Small-Medium Enterprise to operate and be able to regain recovery of which the Lever 3 classification of Community Quarantine (CQ) for the National Capital Region has send a bright scenario in allowing all businesses to operate under new normal will somehow help businesses to regain momentum.

The company is already implementing its marketing strategies developed in Year 2014, specifically the holding on of some Inventory for a much better price. This strategy has created a favorable momentum for the company’s operation with at right timing of implementation of sales forecast. During the disrupted operation due to CoVid-19 pandemic, the Company also focused on managing and developing a new high margin inventory, increasing efficiency on land banking, and enhancing perspective for more marketing strategies. Even further, the Company also undertook fine-tuning the whole system, maintaining and improving *Colinas Verdes*, the subdivision’s brand name and position to the market, sustaining and promoting strengths and advantages of the entire system, stabilizing organizational structure, conceptualizing training programs for both staff and management groups, ensuring financial resources for the operation of the whole system without compromising low cost but promoting instead effective cash management program and fund flow management

Part of management measures to rationalize the fund flow requirements of the Company during this trying time is to unload the more or less 17.3 hectares parcels of land located at Manticao, Misamis Oriental which the Company considered it as non-performing assets.

The performance of the Company in terms of revenue decreased by 11.83%, Sales for the quarter is P4.607 million as compared to P5.225 million of the same period of year 2021. This performance is directly attributed to economic uncertainties brought about by the effect of the CoVid-19 pandemic incorporated by the Ukraine crises.

As mentioned above, the management implemented marketing strategies in Year 2014, specifically the holding on of some Inventory for amuch better price. Based on forecast this strategy will create a favorable momentum for the Company’s operation activities while waiting for the right timing on the implementation of sales forecast. The Company is focused on managing and developing anew high margin inventory, increasing efficiency on land banking, and enhancing perspective for more marketing strategies. Even further, the Company also undertook fine-tuning the whole system, maintaining and

improving *Colinas Verdes*, the subdivision's brand name and position to the market, sustaining and promoting strengths and advantages of the entire system, stabilizing organizational structure, conceptualizing training programs for both staff and management groups, ensuring financial resources for the operation of the whole system without compromising low cost but promoting instead effective cash management program and fund flow management.

The above strategies are already conclusive. As of September 30, 2022 The Company already sold sixty (64) subdivided lots with more or less Nine thousand Five hundred Seven 9,507 square meters of subdivided lot with price per square meter ranging from P13,000.00 to P23,500.00 per square meter, much more higher than the P7,500.00 per square meter, which is the average selling price when the Company implemented its strategy in year 2014 by to hold-on to market its inventory for a much higher margin.

Project Percentage of Completion (PPOC), the residential area of Phase 1, Phase 2 & Phase 3 are 100%, 100% & 99.68% respectively complete, while the Country-Club is 98.00% complete as of September 30, 2022. The Company uses the project percentage of completion (**PPOC for brevity**) in determining sales during the period.

**Table I** – The comparative figures of the results of revenue for the three (3) months period ending September 30, 2022 with comparative figures of year 2021 and 2020 for the same three (3) months period

<i>In millions (Php)</i>	For three (3) months Period			% Change	% Change
	Year 2020	Year 2021	Year 2022	2020 vs 2021	2021 vs 2022
Income from Real Estate	-0-	5.225	<b>4.607</b>	100.000%	<b>(11.825%)</b>
Accretion of Interest Income	2.379	2.016	<b>1.377</b>	(15.259%)	<b>(31.684%)</b>
Total revenue	2.379	7.241	<b>5.984</b>	204.372%	<b>(17.353%)</b>

**Table II** – The comparative figures of the results of operations and other operating income for the three (3) months period ending September 30, 2022 with comparative figures of year 2021 and 2020 for the same three (3) months period

<i>In millions (Php)</i>	For three (3) months Period			% Change	% Change
	Year 2020	Year 2021	Year 2022	2020 vs 2021	2021 vs 2022
Revenue	2.379	7.241	<b>5.984</b>	204.372%	<b>(17.353%)</b>
Less: Expenses	14.737	12.969	<b>13.809</b>	(11.997%)	<b>6.468%</b>
Net Income (loss)	(12.358)	(5.728)	<b>(7.825)</b>	216.369%	<b>36.574%</b>
Add: Other Income	0.001	0.384	<b>0.005</b>	398300.0%	<b>(99.870%)</b>
Net Income (before tax)	(12.357)	(5.344)	<b>(7.824)</b>	3816.369%	<b>46.401%</b>

**Table III** – The comparative figures of the results of revenue for the nine (9) months period ending September 30, 2022 with comparative figures of year 2021 and 2020 for the same nine (9) months period

<i>In millions (Php)</i>	For nine (9) months Period			% Change	% Change
	Year 2020	Year 2021	Year 2022	2020 vs 2021	2021 vs 2022
Income from Real Estate	18.043	23.744	<b>47.151</b>	31.597%	<b>98.581%</b>
Accretion of Interest Income	8.710	4.696	<b>4.069</b>	(46.085%)	<b>(13.361%)</b>
Total revenue	26.753	28.440	<b>51.220</b>	6.306%	<b>80.096%</b>

**Table IV** – The comparative figures of the results of operations for the nine (9) months period ending September 30, 2022 with comparative figures of year 2021 and 2020 for the same nine (9) months period

<i>In millions (Php)</i>	For nine (9) months Period			% Change	% Change
	Year 2020	Year 2021	Year 2022	2020 vs 2021	2021 vs 2022
Revenue	26.753	28.440	<b>51.220</b>	5.932%	<b>224.850%</b>
Less: Expenses	40.779	39.320	<b>48.322</b>	(3.711%)	<b>536.834%</b>
Net Income	(14.026)	(10.880)	<b>2.897</b>	(28.915%)	<b>21.028%</b>
Add: Other Income	0.013	0.426	<b>0.002</b>	96.948%	<b>(0.370%)</b>
Net Income (before tax)	(14.013)	(10.454)	<b>2.899</b>	(34.044%)	<b>21.710%</b>

### During the Third Quarter of 2021

The third quarter of 2021 brought challenges for the company, as it continued to work and fine tune business strategies while dealing with reeling the effects of the new Covid-19 Delta variant which disrupted businesses to operate under certain restriction in the National Capital Region.

While, the National Government is slowly allowing businesses both Large and Small-Medium Enterprise to operate and be able to regain recovery and the Lever 3 classification of Community Quarantine (CQ) for the National Capital Region has send a bright signal in allowing all businesses to operate under new normal will somehow help businesses to regain momentum.

The CQ's effecton new/future land sales and collection of the Company's receivables depends on the capacity of buyers to meet future payments. The Company will continue to monitor the situation and should the CQ be further prolonged, the BOD has formed a Crisis Management Team/Committee that will focus on the impact on the Company's revenue and operations, or formulate assessment tools and other resilient measures to be able to operate under the "new normal" to measure and/or benchmark costs and expenses or anticipate scenario beyond "COVID-19", upon resumption of work and "normal or full" operation.

Part of management measures to rationalize the fund flow requirements of the Company during this trying time is to unload the more or less 17.3 hectares parcels of land located at Manticao Misamis Oriental which the Company considered it as non-performing assets.

There were only five (5) subdivided lot sold during the third quarter of 2021 due to the effect of CQ, the activity of the Company focused only on collection of receivables, financial performance in terms of revenue during the period are as follows:

The performance of the Company in terms of sales quit improving P5.225 million, No sales zero (0) in 2020 and P16.811 million in year 2019 for the same three (3) month period.

As mentioned in our previous report, the management implemented marketing strategies in Year 2014, specifically the holding on of some Inventory for amuch better price. Based on forecast this strategy will create a favorable momentum for the Company's operation activities while waiting for the right timing on the implementation of sales forecast. The Company is focused on managing and developing anew high margin inventory, increasing efficiency on land banking, and enhancing perspective for more marketing strategies. Even further, the Company also undertook fine-tuning the whole system, maintaining and improving *Colinas Verdes*, the subdivision's brand name and position to the market, sustaining and promoting strengths and advantages of the entire system, stabilizing organizational structure, conceptualizing training programs for both staff and management groups, ensuring financial

resources for the operation of the whole system without compromising low cost but promoting instead effective cash management program and fund flow management.

The above strategies are already conclusive. As of September 30, 2021 we have sold Fifty (50) subdivided lots with more or less Nine thousand Five hundred Seven 9,507 square meters of subdivided lot with price per square meter ranging from P13,000.00 to P20,000.00 per square meter, much more higher than the P7,500.00 per square meter, which is the average selling price when the Company implemented its strategy in year 2014 by to hold-on to market its inventory for a much higher margin.

Project Percentage of Completion (PPOC), the residential area of Phase 1, Phase 2 & Phase 3 are 100%, 100% & 99.68% respectively complete, while the Country-Club is 98.00% complete as of September 30, 2018. The Company uses the project percentage of completion (**PPOC for brevity**) in determining sales during the period.

**Table I** – The comparative figures of the results of revenue for the three (3) months period ending September 30, 2021 with comparative figures of year 2020 and 2019 for the same three (3) months period

<i>In millions (Php)</i>	For three (3) months Period			% Change	% Change
	Year 2019	Year 2020	Year 2021	2019 vs 2020	2019 vs 2020
Income from Real Estate	16.811	-0-	5.225	-0-	-0-
Accretion of Interest Income	3.762	2.379	2.016	(36.762%)	(15.259%)
Total revenue	20.573	2.379	7.241	(88.436%)	204.372%

**Table II** – The comparative figures of the results of operations and other operating income for the three (3) months period ending September 30, 2021 with comparative figures of year 2020 and 2019 for the same three (3) months period

<i>In millions (Php)</i>	For three (3) months Period			% Change	% Change
	Year 2019	Year 2020	Year 2021	2019 vs 2020	2020 vs 2021
Revenue	20.573	2.379	7.241	(88.436%)	204.372%
Less: Expenses	18.618	14.737	12.969	(20.845%)	(11.997%)
Net Income	1.955	(12.358)	(5.728)	(67.591%)	216.369%
Add: Other Income	(1.668)	0.001	0.384	(100.060%)	398300.%
Net Income (before tax)	0.287	(12.357)	(5.344)	(167.651%)	3816.369%

**Table III** – The comparative figures of the results of revenue for the nine (9) months period ending September 30, 2021 with comparative figures of year 2020 and 2019 for the same nine (9) months period

<i>In millions (Php)</i>	For nine (9) months Period			% Change	% Change
	Year 2019	Year 2020	Year 2021	2019 vs 2020	2020 vs 2021
Income from Real Estate	27.592	18.043	23.744	(34.608%)	31.597
Accretion of Interest Income	8.057	8.710	4.696	8.105%	(46.085%)
Total revenue	35.649	26.753	28.440	(24.954%)	6.306%

**Table IV** – The comparative figures of the results of operations for the nine (9) months period ending September 30, 2021 with comparative figures of year 2020 and 2019 for the same nine (9) months period



<i>In millions (Php)</i>	For nine (9) months Period			% Change	% Change
	Year 2019	Year 2020	Year 2021	2019 vs 2020	2019 vs 2020
Revenue	35.649	26.753	28.440	(24.954%)	6.306%
Less: Expenses	59.331	40.779	39.320	(31.269%)	(3.578%)
Net Income	(23.682)	(14.026)	(10.880)	6.314%	9.884%
Add: Other Income	(1.678)	0.013	0.426	(100.775%)	3176.923%
Net Income (before tax)	(25.360)	(14.013)	(10.454)	(44.744%)	(25.398%)

## Item 2.2 *Management's Discussion and Analysis/ Plan of Operation*

### **Results of Operation**

**(January 01 – September 30, 2023 vs January 01–September 30, 2022)**

As mentioned above, the third quarter of 2023 brought challenges for the company as the supposed to be implementation of the new business strategies formulated during lockdown period to be able to rationalize the impact of the world economic slowdown brought by the pandemics, another world economic issue specifically the Ukraine Crises and as well as the Israel and Hamas war become another world economic turmoil, the management believed that once the Ukraine and Israel crises is over it will be a good signal to implement the sales strategies as planned.

The percentage of revenues for the quarter ending September 30, 2023 with comparative figures for 2022 and 2021 with the same period

Particulars	Year 2021	Year 2022	Year 2023
Sale from Real Estate	5,225,000	4,607,143	-0-
Cost of Land	1,449,582	1,003,722	-0-
Percentage to Revenue	27.743%	21.786%	-0-

The percentage of revenues for the nine (9) months period ended September 30, 2023 with comparative figures for 2022 and 2021 with the same period

Particulars	Year 2021	Year 2022	Year 2023
Sale from Real Estate	23,743,870	47,150,836	<b>27,450,881</b>
Cost of Land	4,403,348	4,056,560	<b>4,065,046</b>
Percentage to Revenue	18.545%	17.087%	<b>14.808%</b>

The Company has posted a net Income (loss) after tax of (P16.370) Million at end of September 30 2023 as compared with the P2.117 million in 2022, and (P11.144) million in 2021 of that same period.

The deficit stands at **P437.846** million, P411.515 million and P416.363 million as of September 30, 2023, 2022 and 2021, respectively.

#### **For the Quarter Ended**

Particulars	September 30, 2021 (In millions)	September 30, 2022 (In millions)	September 30, 2023 (In Millions)
Revenue	5.225	4.607	-0-

Direct Costs	1.450	1.004	-0-
Gross Profit Margin	3.775	3.603	-0-
Operating Expenses	11.520	12.899	<b>15.798</b>
Net Income (before other income)	(7.745)	(9.296)	<b>(15.798)</b>
Add: Other Income	2.401	1.472	<b>1.217</b>
Net Income Before Income Tax	(5.344)	(7.824)	<b>(14.581)</b>

**For the Nine (9) months period ended**

Particulars	September 30, 2021 (In millions)	September 30, 2022 (In millions)	September 30, 2023 (In Millions)
Revenue	23.744	47.151	<b>27.451</b>
Direct Costs	4.403	8.057	<b>4.065</b>
Gross Profit Margin	19.341	39.094	<b>23.386</b>
Operating Expenses	34.918	40.506	<b>43.069</b>
Net Income (before other income)	(15.577)	(1.411)	<b>(19.683)</b>
Add: Other Income	5.123	4.310	<b>3.857</b>
Net Income Before Income Tax	(10.454)	2.899	<b>(15.825)</b>

Revenue generated during the third quarter of 2023 represents sale of subdivided lots and as well as shares from accretion of interest from installment receivables period from the Joint Venture Project with SLRDI.

Other Income represents interest income from savings account with banks.

**Liquidity and Capital Resources**

The Company posted net profit during the quarter, the benefits from the construction of the Clubhouse and Sports Center, which the project engineer in-charge of the development has reported to be (almost) 100% complete as at end of September 30, 2023.

	September 30, 2021 (In millions)	September 30, 2022 (In millions)	September 30, 2023 (In millions)
Total assets as at end of	P1,998.088	P1,990.704	<b>P1,984.901</b>
Total liabilities as at end of	260.496	252.901	<b>274.580</b>
Ratio of assets to liabilities	13.037%	12.704%	<b>13.833%</b>
<b>Financial Condition</b>			
Cash and cash equivalent	1.206	1.495	<b>5.973</b>
Receivable	340.035	351.101	<b>344.150</b>
Prepaid Taxes	6.256	4.428	<b>5.078</b>
Real estate Inventories	904.322	892.134	<b>893.304</b>
Property and equipment	4.299	1.769	<b>0.808</b>
Investment property	674.056	674.056	<b>674.056</b>
Recoverable Tax	65.231	60.572	<b>57.530</b>
Other assets	5.682	5.150	<b>4.000</b>
Current liabilities	93.606	79.195	<b>103.260</b>
Noncurrent liabilities	166.890	173.706	<b>171.319</b>
Stockholders' equity	P1,737.591	P1,737.803	<b>P1,710.321</b>

The movement in cash and cash equivalent is attributable to the net cash flows used by the Company in its regular operating activities.

Movement in receivable is attributable to the recognition of current and non-current receivable from sales with joint venture project and other receivables.

The decrease in the real estate inventories is attributable to the accounting of cost of lot sold during the period. The company is using the Percentage of Project Completion (PPOC).

The decrease in recoverable tax (Input VAT) is attributable to accounting of output vat from collection of accretion of interest income from installment sales.

Investments properties are cost related to land banking activity.

The Company started land banking in year 2012 with total land acquisitions as of September 30, 2023 details of which are as follows:

Acquired from	Lot area (inSq.m.)	Value of Land	Payment made	Balance payable
<b>All in San Jose Del Monte Bulacan</b>				
GASDF Property	47,976	6,618,779.27	7,196,400.00	Fully paid
Don Manuel Corporation	410,377	78,201,917.21	78,201,917.21	Fully paid
BDO Strategic Holdings, Inc.	926,550	261,672,633.06	261,672,633.06	Fully paid
Marga Capital Holdings, Inc.	360,000	104,671,995.50	104,671,995.50	Fully paid
Insular Life Insurance Co.,	580,154	403,678,405.13	403,678,405.13	Fully paid
Paramount Finance Corp.	10,000	3,520,000.00	3,520,000.00	Fully paid
Rodolfo M. Cuenca	50,094	12,523,500.00	12,523,500.00	Fully paid
<b>Subtotal</b>	<b>2,385,151</b>	<b>870,887,230.17</b>	<b>870,887,230.17</b>	<b>-0-</b>
Pagrel Corporation	344,500	103,350,000.00	Under negotiation	103,350,000.00
Apena Foods Product, Inc.	377,200	126,322,000.00	Under negotiation	126,322,000.00
<b>Subtotal</b>	<b>721,700</b>	<b>229,672,000.00</b>	<b>-0-</b>	<b>229,672,000.00</b>
<b>Total (San Jose Del Monte)</b>	<b>3,106,851</b>	<b>1,100,559,230.17</b>	<b>870,887,230.17</b>	<b>229,672,000.00</b>
Add: Northern Luzon Area				
Manuel Bonoan	57,211	31,180,003.00	31,180,003.00	-0-
Almazan et. Al	286,480	80,559,106.61	73,925,936.61	6,633,170.00
Emma Almazan	11,862	2,526,670.00	1,254,456.00	1,272,214.00
Hugo Nat d. Juan	13,186	4,615,100.00	4,615,100.00	Fully paid
	<b>368,739</b>	<b>118,880,879.61</b>	<b>110,9745,495.61</b>	<b>7,905,384.00</b>
<b>Total Land Banking</b>	<b>3,475,590</b>	<b>1,219,440,109.78</b>	<b>981,862,725.78</b>	<b>237,577,384.00</b>

The decrease in property and equipment is brought about by the accounting for the estimated depreciation during the period using straight line method.

The movement in accounts payable and accruals is attributed to regular accruals, deferred payments and liability from installment purchase of land.

Advances to officer's & employees which are deductible from their salaries & are due within one year.

The decrease in Stockholder's Equity is attributed to operating loss during the period

### **Capital Expenditure**

There was no capital expenditure for the period.

### **Key Performance Indicators**

The Company operates in one business segment the real estate. The following key performance indicators were adopted by the corporation in order to measure the profitability and performance of the

company and to provide management with a measure on the financial strength, liquidity and ability to maximize the value of its stockholders' investments.

For the nine (9) months period ended

	September 30, 2021	September 30, 2022	September 30, 2023
Current Ratio (1)	14.4164 : 1	<b>14.5094 : 1</b>	<b>11.0982 : 1</b>
Debt to Equity Ratio (2)	1 : 0.1499	<b>1 : 0.1451</b>	<b>1 : 0.1605</b>
Earnings per Share (3)	(1 : 0.00571)	<b>1 : 0.00108</b>	<b>(1 : 0.00839)</b>
Earnings before income taxes (4)	(P5.344) million	<b>P2.899 million</b>	<b>(P16.370) million</b>
Return on Equity	(1 : 0.00641)	<b>(1 : 0.1210)</b>	<b>(1 : 0.0944)</b>

1. Current Assets / Current Liabilities
2. Total Liabilities / Stockholders' Equity
3. Net Income / Outstanding Shares
4. Net Income plus Interest Expenses and Provision for Income Tax
5. Net Income / Average Stockholder's Equity

Stockholders' Equity

-Total Stockholders' Equity in 2023 is P1,710,321,096.95 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

- Total Stockholders' Equity in 2022 is P1,737,803,121.35 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

#### Results of Operation

(January 01 – September 30, 2022 vs January 01–September 30, 2021)

As mentioned above, the third quarter of 2022 brought challenges for the company as it started to launch new business strategies formulated during lockdown period to be able to rationalize the impact of the world economic slowdown brought by the pandemics and as well as the Ukraine Crises and the action of the National Government allowing businesses both Large and Small-Medium Scale Enterprise to operate "under the New Normal" with a Lever 3 classification of Community Quarantine (CQ) for the National Capital Region has send a bright scenario of economic recovery

The percentage of revenues for the quarter ending September 30, 2022 with comparative figures for 2021 and 2020 with the same period

Particulars	Year 2020	Year 2021	Year 2022
Sale from Real Estate	-0-	5,225,000	4,607,143
Cost of Land	-0-	1,449,582	1,003,722
Percentage to Revenue	-0-	27.743%	21.786%

The percentage of revenues for the nine (9) months period ended September 30, 2022 with comparative figures for 2021 and 2020 with the same period

Particulars	Year 2020	Year 2021	Year 2022
Sale from Real Estate	18,042,750	23,743,870	47,150,836
Cost of Land	2,752,919	4,403,348	4,056,560
Percentage to Revenue	15.258%	18.545%	17.087%

The Company has posted a net Income (loss) after tax of **P2.117** Million at end of September 30 2022 as compared with the (P11.114) million in 2021, and (P14.548) million in 2020 of that same period.

The deficit stands at P411.515 million, P416.363 million and P401.669 million as of September 30, 2022, 2021 and 2020, respectively.

**For the Quarter Ended**

Particulars	September 30, 2020 (In millions)	September 30, 2021 (In millions)	September 30, 2022 (In Millions)
Revenue	-0-	5.225	4.607
Direct Costs	-0-	1.450	1.004
Gross Profit Margin	-0-	3.775	3.603
Operating Expenses	14.736	11.520	12.899
Net Income (before other income)	(14.736)	(7.745)	(9.296)
Add: Other Income	2.379	2.401	1.472
Net Income Before Income Tax	12.357	(5.344)	(7.824)

**For the Nine (9) months period ended**

Particulars	September 30, 2020(In millions)	September 30, 2021 (In millions)	September 30, 2022 (In Millions)
Revenue	18.043	23.744	47.151
Direct Costs	2.753	4.403	8.057
Gross Profit Margin	15.290	19.341	39.094
Operating Expenses	38.026	34.918	40.506
Net Income (before other income)	(22.736)	(15.577)	(1.411)
Add: Other Income	8.723	5.123	4.310
Net Income Before Income Tax	(14.013)	(10.454)	2.899

Revenue generated during the third quarter of 2022 represents sale of subdivided lots and as well as shares from accretion of interest from installment receivables period from the Joint Venture Project with SLRDI.

Other Income represents interest income from savings account with banks.

**Liquidity and Capital Resources**

The Company posted net profit during the quarter, the benefits from the construction of the Clubhouse and Sports Center, which the project engineer in-charge of the development has reported to be (almost) 100% complete as at end of September 30, 2022.

	September 30, 2020(In millions)	September 30, 2021 (In millions)	September 30, 2022 (In millions)
Total assets as at end of	P2,011.156	P1,998.088	P1,990.704
Total liabilities as at end of	258.871	260.496	252.901
Ratio of assets to liabilities	12.874%	13.103%	12.704%
<b><i>Financial Condition</i></b>			
Cash and cash equivalent	2.539	1.206	1.495
Receivable	346.883	340.035	351.101
Prepaid Taxes	6.223	6.256	4.428
Real estate Inventories	499.105	904.322	892.134
Property and equipment	5.409	4.299	1.769
Investment property	1,077.735	674.056	674.056
Recoverable Tax	67.581	65.231	60.572
Other assets	5.682	5.682	5.150
Current liabilities	78.129	93.606	79.195
Noncurrent liabilities	180.742	166.890	173.706
Stockholders' equity	P1,752.285	P1,737.591	P1,737.803

The movement in cash and cash equivalent is attributable to the net cash flows used by the Company in its regular operating activities.

Movement in receivable is attributable to the recognition of current and non-current receivable from sales with joint venture project and other receivables.

The increase in the real estate inventories is attributable to the accounting of cancelled sales during the accounting period. The company is using the Percentage of Project Completion (PPOC).

The decrease in recoverable tax (Input VAT) is attributable to accounting of output vat from collection of accretion of interest income from installment sales.

Investments properties are cost related to land banking activity.

The Company started land banking in year 2012 with total land acquisitions as of September 30, 2022 details of which are as follows:

Acquired from	Lot area (inSq.m.)	Value of Land	Payment made	Balance payable
<b><i>All in San Jose Del Monte Bulacan</i></b>				
GASDF Property	47,976	6,618,779.27	7,196,400.00	Fully paid
Don Manuel Corporation	410,377	78,201,917.21	78,201,917.21	Fully paid
BDO Strategic Holdings, Inc.	926,550	261,672,633.06	261,672,633.06	Fully paid
Marga Capital Holdings, Inc.	360,000	104,671,995.50	104,671,995.50	Fully paid
Insular Life Insurance Co.,	580,154	403,678,405.13	403,678,405.13	Fully paid
Paramount Finance Corp.	10,000	3,520,000.00	3,520,000.00	Fully paid
Rodolfo M. Cuenca	50,094	12,523,500.00	12,523,500.00	Fully paid
<b><i>Subtotal</i></b>	<b><i>2,385,151</i></b>	<b><i>870,887,230.17</i></b>	<b><i>870,887,230.17</i></b>	<b><i>-0-</i></b>
Pagrel Corporation	344,500	103,350,000.00	Under negotiation	103,350,000.00
Apena Foods Product, Inc.	377,200	126,322,000.00	Under negotiation	126,322,000.00
<b><i>Subtotal</i></b>	<b><i>721,700</i></b>	<b><i>229,672,000.00</i></b>	<b><i>-0-</i></b>	<b><i>229,672,000.00</i></b>
<b>Total (San Jose Del Monte)</b>	<b>3,106,851</b>	<b>1,100,559,230.17</b>	<b>870,887,230.17</b>	<b>229,672,000.00</b>
Add: Northern Luzon Area				
Manuel Bonoan	57,211	31,180,003.00	31,180,003.00	-0-
Almazan et. Al	286,480	80,559,106.61	73,925,936.61	6,633,170.00
Emma Almazan	11,862	2,526,670.00	1,254,456.00	1,272,214.00
Hugo Nat d. Juan	13,186	4,615,100.00	4,615,100.00	Fully paid
	<b>368,739</b>	<b>118,880,879.61</b>	<b>110,9745,495.61</b>	<b>7,905,384.00</b>
<b>Total Land Banking</b>	<b>3,475,590</b>	<b>1,219,440,109.78</b>	<b>981,862,725.78</b>	<b>237,577,384.00</b>

The decrease in property and equipment is brought about by the accounting for the estimated depreciation during the period using straight line method.

The movement in accounts payable and accruals is attributed to regular accruals, deferred payments and liability from installment purchase of land.

Advances to officer's & employees which are deductible from their salaries & are due within one year.

Movement in available for investments property account was a reclassification of parcel of land to Real Estate Inventory account.

The decrease in Stockholder's Equity is attributed to normal operational income in real estate business

### **Capital Expenditure**

There was no capital expenditure for the period.

**Key Performance Indicators**

The Company operates in one business segment the real estate. The following key performance indicators were adopted by the corporation in order to measure the profitability and performance of the company and to provide management with a measure on the financial strength, liquidity and ability to maximize the value of its stockholders' investments.

For the nine (9) months period ended

	September 30, 2020	September 30, 2021	September 30, 2022
Current Ratio (1)	9.628 : 1	12.221 : 1	14.509 : 1
Debt to Equity Ratio (2)	1 : 0.148	1 : 0.150	1 : 0.145
Earnings per Share (3)	(1 : 0.00746)	(1 : 0.00571)	1 : 0.00108
Earnings before income taxes (4)	(P10.454) million	(P5.344) million	P2.899 million
Return on Equity	(1 : 0.00830)	(1 : 0.00641)	(1 : 0.121)

- 1) Current Assets / Current Liabilities
- 2) Total Liabilities / Stockholders' Equity
- 3) Net Income / Outstanding Shares
- 4) Net Income plus Interest Expenses and Provision for Income Tax
- 5) Net Income / Average Stockholder's Equity

Stockholders' Equity

- Total Stockholders' Equity in 2022 is P1,737,803,121.35 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

- Total Stockholders' Equity in 2021 is P1,737,591,227.13 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

**Results of Operation**

(January 01 – September 30, 2021 vs January 01–September 30, 2020)

As mentioned above, the third quarter of 2021 brought challenges for the company, as it continued to work and fine tune business strategies while dealing with reeling the effects of the new Covid-19 Delta variant which disrupted businesses to operate under certain restriction in the National Capital Region, the reeling effect of global turmoil affected all nations, the operation was thriving with low sales output. The Company concentrates on cash management to be able to rationalize the impact of the economic slowdown and ensure availability of funds to sustain payments of employees' payroll and other contractual obligation.

With the CQ, the management has to refocus to other business aspects under the new normal working conditions and continue to monitor the situation. With the CQ contemplated to be further prolonged, the Board of Director has formed a Crisis Management Team/Committee that will focus on the impact of the crises to the Company's revenue and operations, to formulate assessment tools and other resilient measures to be able to operate under the "new normal" with measures and/or benchmarking of costs and expenses or anticipate scenario beyond "COVID-19", without compromising health and safety of employees.

Part of the management measures to rationalize the fund flow requirements of the Company during this trying time is to unload the more or less 17.3 hectares parcels of land located at Manticao Misamis Oriental which the Company considered it as non-performing assets.

The percentage of revenues for the quarter ending September 30, 2021 with comparative figures for 2020 and 2019 with the same period

Particulars	Year 2019	Year 2020	Year 2021
Sale from Real Estate	16,811,047	-0-	5,225,000
Cost of Land	3,702,762	-0-	1,449,582
Percentage to Revenue	22.026%	-0-	27.743%

The percentage of revenues for the nine (9) months period ended September 30, 2021 with comparative figures for 2020 and 2019 with the same period

Particulars	Year 2019	Year 2020	Year 2021
Sale from Real Estate	27,592,071	18,042,750	23,743,870
Cost of Land	6,898,018	2,752,919	4,403,348
Percentage to Revenue	25.000%	15.258%	18.545%

The Company has posted a net loss after tax of (P11.144) Million at end of September 30 2021 as compared with the (P14.548) million in 2020, and (P26.073) million in 2019 of that same period.

The deficit stands at P416.363 million, P401.669 million and P405.820 million as of September 30, 2021, 2020 and 2019, respectively.

#### For the Quarter Ended

Particulars	September 30, 2019 (In millions)	September 30, 2020 (In millions)	September 30, 2021 (In Millions)
Revenue	P16.811	-0-	5.225
Direct Costs	3.703	-0-	1.450
Gross Profit Margin	13.108	-0-	3.775
Operating Expenses	14.915	14.736	11.520
Net Income (before other income)	(1.807)	(14.736)	(7.745)
Add: Other Income	2.094	2.379	2.401
Net Income Before Income Tax	0.287	12.357	(5.344)

#### For the Nine (9) months period ended

Particulars	September 30, 2019 (In millions)	September 30, 2020 (In millions)	September 30, 2021 (In Millions)
Revenue	P28.592	P18.043	P23.744
Direct Costs	6.897	2.753	4.403
Gross Profit Margin	20.695	15.290	19.341
Operating Expenses	52.434	38.026	34.918
Net Income (before other income)	(31.739)	(22.736)	(15.577)
Add: Other Income	6.379	8.723	5.123
Net Income Before Income Tax	25.360	(14.013)	(10.454)

Revenue generated during the third quarter of 2021 represents shares from accretion of interest from installment sales. No new sales during quarantine period from the Joint Venture Project with SLRDI.

Other Income represents interest income from installment as well as interest income from savings account with banks.

### **Liquidity and Capital Resources**



The Company posted net profit during the quarter, the benefits from the construction of the Clubhouse and Sports Center, which the project engineer in-charge of the development has reported to be (almost) 100% complete as at end of September 30, 2021.

	September 30, 2019 (In millions)	September 30, 2020 (In millions)	September 30, 2021 (In millions)
Total assets as at end of	P1,988.851	P2,011.156	P1,998.088
Total liabilities as at end of	240.654	258.871	260.496
Ratio of assets to liabilities	12.100%	12.874%	0.013%
<b>Financial Condition</b>			
Cash and cash equivalent	6.308	2.539	1.206
Receivable	347.509	346.883	340.035
Prepaid Taxes	7.327	6.223	6.256
Real estate Inventories	498.817	499.105	904.322
Property and equipment	8.438	5.409	4.299
Investment property	1,042.868	1,077.735	674.056
Recoverable Tax	73.352	67.581	65.231
Other assets	4.232	5.682	5.682
Current liabilities	123.591	78.129	93.606
Noncurrent liabilities	117.063	180.742	166.890
Stockholders' equity	P1,748.197	P1,752.285	P1,737,591

The movement in cash and cash equivalent is attributable to the net cash flows used by the Company in its regular operating activities.

Movement in receivable is attributable to the recognition of current and non-current receivable from sales with joint venture project and other receivables.

The increase in the real estate inventories is attributable to the accounting of cancelled sales during the accounting period. The company is using the Percentage of Project Completion (PPOC).

The decrease in recoverable tax (Input VAT) is attributable to accounting of output vat from collection of accretion of interest income from installment sales.

The Increase in Investments property is the result of land banking activity during the accounting period

The Company started land banking in year 2012 with total land acquisitions as of September 30, 2021 details of which are as follows:

Acquired from	Lot area (inSq.m.)	Value of Land	Payment made	Balance payable
<b>All in San Jose Del Monte Bulacan</b>				
GASDF Property	47,976	6,618,779.27	7,196,400.00	Fully paid
Don Manuel Corporation	410,377	78,201,917.21	78,201,917.21	Fully paid
BDO Strategic Holdings, Inc.	926,550	261,672,633.06	261,672,633.06	Fully paid
Marga Capital Holdings, Inc.	360,000	104,671,995.50	104,671,995.50	Fully paid
Insular Life Insurance Co.,	580,154	403,678,405.13	403,678,405.13	Fully paid
Paramount Finance Corp.	10,000	3,520,000.00	3,520,000.00	Fully paid
Rodolfo M. Cuenca	50,094	12,523,500.00	12,523,500.00	Fully paid
<b>Subtotal</b>	<b>2,385,151</b>	<b>870,887,230.17</b>	<b>870,887,230.17</b>	<b>-0-</b>
Pagrel Corporation	344,500	103,350,000.00	Under negotiation	103,350,000.00
Apena Foods Product, Inc.	377,200	126,322,000.00	Under negotiation	126,322,000.00
<b>Subtotal</b>	<b>721,700</b>	<b>229,672,000.00</b>	<b>-0-</b>	<b>229,672,000.00</b>

<b>Total (San Jose Del Monte)</b>	<b>3,106,851</b>	<b>1,100,559,230.17</b>	<b>870,887,230.17</b>	<b>229,672,000.00</b>
Add: Northern Luzon Area				
Manuel Bonoan	57,211	31,180,003.00	31,180,003.00	-0-
Almazan et. Al	286,480	80,559,106.61	73,925,936.61	6,633,170.00
Emma Almazan	11,862	2,526,670.00	1,254,456.00	1,272,214.00
Hugo Nat d. Juan	13,186	4,615,100.00	4,615,100.00	Fully paid
	<b>368,739</b>	<b>118,880,879.61</b>	<b>110,9745,495.61</b>	<b>7,905,384.00</b>
<b>Total Land Banking</b>	<b>3,475,590</b>	<b>1,219,440,109.78</b>	<b>981,862,725.78</b>	<b>237,577,384.00</b>

The decrease in property and equipment is brought about by the accounting for the estimated depreciation during the period using straight line method.

The movement in accounts payable and accruals is attributed to regular accruals, deferred payments and liability from installment purchase of land.

Advances to officers and employees which are deductible from their salaries and are due within one year.

Movement in available for investments property account was a reclassification of parcel of land to Real Estate Inventory account.

The decrease in Stockholder's Equity is attributed to normal operational income in real estate business and due to Covid-19 lockdown.

### **Capital Expenditure**

There was no capital expenditure for the period.

### **Key Performance Indicators**

The Company operates in one business segment the real estate. The following key performance indicators were adopted by the corporation in order to measure the profitability and performance of the company and to provide management with a measure on the financial strength, liquidity and ability to maximize the value of its stockholders' investments.

For the three (3) months period ended

	September 30, 2019	September 30, 2020	September 30, 2021
Current Ratio (1)	6.084 : 1	9.628 : 1	12.221 : 1
Debt to Equity Ratio (2)	1 : 0.138	1 : 0.148	1 : 0.150
Earnings per Share (3)	(1 : 0.011336)	(1 : 0.00746)	(1 : 0.00571)
Earnings before income taxes (4)	P0.287 million	(P12.357) million	(P5.344) million
Return on Equity	(0.001491)	(1 : 0.008300)	(1 : 0.00641)

- 1) Current Assets / Current Liabilities
- 2) Total Liabilities / Stockholders' Equity
- 3) Net Income / Outstanding Shares
- 4) Net Income plus Interest Expenses and Provision for Income Tax
- 5) Net Income / Average Stockholder's Equity

Stockholders' Equity

-Total Stockholders' Equity in 2021 is P1,737,591,227.13 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

- Total Stockholders' Equity in 2020 is P1,752,284,830.66 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

### *Other Matters*

The interim financial report has been prepared in conformity with generally accepted accounting principles in the Philippines.

No disclosures nor discussions were made for the following since these did not affect the past and present operations of the Company:

a) The effect of global crises brought about by the CoVid-19 pandemic has totally sent all businesses into economic uncertainties with significant impact on net sales and income due to Community Quarantine lockdown.

As at present, the management has formed a crisis management committee that will focus on the impact of the crises and related effect of the pandemic from operations, to formulate assessment tools and other resilient measures based on world health standard to be able to operate under the "new normal" condition

b) No known trends, events or uncertainties with significant impact on net sales or income, except for the abovementioned "*ground-breaking project made by the national government for the launching of the construction of MRT 7 rail road project connection from Quezon City to Norzagaray, Bulacan*", this scenario gives positive signal for a much better trend in the real estate business in the northern portion of Metro Manila.

c) Significant elements of income or loss that did not arise from the Company's continuing operations other than what was mentioned in the revenues.

d) All accounting policies and methods of computation and estimates are followed in the interim financial statement as compared with the most recent annual financial statement report.

e) There were no seasonality or cyclicity aspects that have material effect on the financial statement and the financial condition or results of operations during the period.

f) There were no material commitments affecting assets, liabilities, equity, net income, or cash flows that are unusual during the interim financial report.

g) There were no nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that has material effect in the current interim period.

h) There were no issuances, repurchases and repayments of debt and equity securities, except for the payment of non-interest bearing payable obtained for the acquisition of two (2) parcels of land classified under "Investments property account" in the 2012 statement of financial position, except for the expected sales and receivable that have not materialized due to CQ.

i) There were no dividends paid during the interim financial period.

J) The company is reporting with only one (1) accounting segment.

k) There were no material events that occurred during the subsequent to interim reporting period that have not been reflected in the financial statements, such as default or acceleration of an obligation or off-balance sheet transactions, arrangements, obligations, and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

l) There were no changes in the composition of the issuer during the interim period, No business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operation during the interim period.

m) There were no changes in contingent liabilities or contingent asset was made during the interim period as compared with the most recent annual balance sheet date.

n) No disclosures in compliance with SEC MC No. 14, Series of 2004 specifically Certain Relationship and Related Transaction or Arrangements, as there were no such transactions during the period and or any subsequent event occurring after the close of accounting period with respect to a certain relationship or related transaction being required by SFAS/IAS No. 24.

o) There were no reclassification on Financial Instruments in the current reporting period and the previous periods.

p) On September 24, 2019 the Board of Directors approved to enter into a Joint Venture Agreement ("Joint Venture") with Sta. Lucia Land, Inc. involving the Corporation's property located at Barangay Tungkong Mangga, San Jose Del Monte, Bulacan with a total area of 580,154 sq. m. The Board also delegated to management the determination of the terms and conditions of the Joint Venture.

#### ***Financial Risk Management Objectives and Policies***

The Company's principal financial instruments comprise of cash and bank loans. The main purpose of these financial instruments is to finance the Company's operations. The Company has other financial instruments such as receivables, accounts payable and accrued expenses which arise directly from its operations. The main risks arising from the Company's financial instruments are liquidity risk, credit risk, and interest rate risk. As of September 30, 2023, the Company is not exposed to any significant foreign currency risk because all of its financial instruments are denominated in Philippine Peso. The BOD reviews and approves the policies for the management of each of these risks as summarized below.

#### ***Liquidity Risk***

The Company seeks to manage its liquid funds through cash planning on a monthly basis. The Company uses historical figures and experiences and forecasts from its collection and disbursement.

#### **As of September 30, 2023**

	On demand
Accounts payable & accrued expenses	55,485,040
Advances related parties	47,229,871
Liability from purchase of land	115,305,608
Income tax payable	344,827
Retirement benefits	34,900,464
Deferred income tax liabilities	21,114,483
<b>Total</b>	<b>274,380,292</b>

#### ***Credit Risk***

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables.

Concentrations arise when a number of counterparties are engaged in similar business activities or any activities in the same geographic region, or share similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

The Company's principal credit risk is its dependence from one counter-party. The credit risk of the Company is controlled by the approvals, limits and monitoring procedures. It is the Company's policy to enter into transactions with creditworthy parties to mitigate any significant concentration of credit risk. The Company ensures that credit transactions are made to parties with appropriate credit history and has internal mechanism to monitor granting of credit and management of credit exposures. The Company's maximum exposure to credit risk is equal to the carrying amount of its financial assets.

The Company sets up provision for impairment of accounts receivables equal to the balance of long-outstanding accounts receivables.

**Receivables**-that are neither past due nor impaired are due from creditworthy counterparties with good payment history with the Company.

**Cash with banks**-Are deposits made with reputable banks duly approved by the BOD.

**Interest Rate Risk**- The Company's exposure to the risk pertains to bank loans. The Company relies on budgeting and forecasting techniques to address this risk.

**Capital Management** -The primary objective of the Company's capital management is to ensure that it maintains a strong credit standing and stable capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of the changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the quarters ended September 30, 2023 and 2022.

The following table pertains to the account balance the Company considers as its core capital as at end of September 30, 2023

Capital stock . . . . .	P1,951,387,570
Capital surplus . . . . .	<u>201,228,674</u>
Total . . . . .	<u>P2,152,616,244</u>

**Fair Value of Financial Instruments**-The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such values:

**Cash and Receivables**-The carrying amounts of cash and receivables approximate fair values primarily due to the relatively short-term maturity of these financial instruments. In the case of long-term receivables, the fair value is based on the present value of expected future cash flows using the applicable discount rates. The discount rates used range from 6.45% to 5.66% in 2023 and 5.66% to 5.66% in 2022.

## **PART II - OTHER INFORMATION**

**As of this date, the Company filed the following reports on SEC Form 17-C,**

Date of Report

Item Reported


## SIGNATURES

Pursuant to the requirements of Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized


**ARANETA PROPERTIES, INC.**

(Issuer)

By:

  
**GREGORIO MA. ARANETA III**  
Principal Executive Officer

  
**CRISANTO ROY B. ALCID**  
President

  
**JOSE O. EUSTAQUIO III**  
Chief Financial Officer

Date signed November 08, 2023