

SEC Number 152249
CODE NO. PR-005
File Number _____

ARANETA PROPERTIES, INC.

Company's Full Name

21st Floor BDO Towers Valero Condo Corp, Paseo de Roxas, Makati City

Company's Address

(632) 848-1501 to 04

Telephone Number

December 31

Calendar Year Ending
(month & day)

17-A ANNUAL REPORT

(Form Type)

(Amendment Designation (if applicable))

December 31, 2022

(Period Ended Date)

Registered and Listed

(Secondary License Type and File Number)

ARANETA PROPERTIES, INC.
21st Floor Citibank Tower, Paseo de Roxas Makati City
Philippines

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: December 31, 2022
2. SEC Identification Number: 152249
3. BIR Tax Identification No. 000-840-355
4. Exact name of registrant as specified in its charter: ARANETA PROPERTIES, INC.
5. Makati City, Philippines
Province, Country or other jurisdiction of Incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. 21/F BDO Towers Valero Condo Corp., Paseo de Roxas, Makati City 1227.
(Address of Principal Office) (Postal Code)

8. (632) 848-1501 to 04
(Registrant'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 4 and 8 of the RSA	
Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
CommonPhp1.00 par value	1,951,387,570 shares

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

Yes (**x**) No ()

12. Check whether the registrant:

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

Yes () No ()

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

Yes () No ()

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

- a. Total number of shares held by non-affiliates
as of December 31, 2022---**476,842,618 shares**
- b. Closing price of the registrant's share on the exchange
as of December 31, 2022--**PhP1.02 per share**
- c. Aggregate market price
as of December 31, 2022—**PhP486,379,470.00**

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

15. 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 [] Not Applicable

DOCUMENTS INCORPORATED BY REFERENCE

16. 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

PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

DESCRIPTION OF BUSINESS

Business Development

Araneta Properties, Inc. (the “Company” or “ARA”) is a publicly listed corporation in the Philippine Stock Exchange with real estate development as its primary purpose. The Company was formerly known as Integrated Chrome Corporation (INCHROME) which was organized on June 15, 1988. The principal business was to mine chrome ore and produce ferro silicon metal or commonly known as ferrochrome. INCHROME stopped its smelter operations in January 1996 because of the depressed ferrochrome market and increasing production costs. In September 1996, the stockholders and the Board of Directors approved the following changes in the Company’s business and structure:

- 1) Change in the corporate name from INCHROME to Araneta Properties, Inc.;
- 2) Change in the primary purpose of business to land and property development and maintain the smelter operations as a secondary purpose;
- 3) Removal of stockholders’ pre-emptive right to subscribe with respect to issuance of shares of stock of the Company from un-issued portion of the authorized capital stock, including increases thereof;
- 4) Change in par value from P0.30 to P1 per share;
- 5) Increase in authorized capital stock from P300,000,000 (divided into 1 billion shares with a par value of P0.30 per share) to P5,000,000,000 (divided into 5 billion shares with a par value of P1 per share); and
- 6) Removal of classification of shares of stock.

Since its inception, the Company has not gone through any bankruptcy, receivership or similar proceeding. There has been no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

Year 2022 has been another year of challenges brought about by the CoVid-19 pandemic that hits not only the Country but the whole World, the catastrophe has been a bad experience to call from year 2019, 2020,2021 and even in year 2022,while the Covid-19 is still the worlds issues of concern. Another world issue shaken the world is the Russia’s attempt to invade Ukraine which continuous to create havocs, the world-wide economy effected in terms of the prices of fuel and other commodities drastically gone high for entire of year 2022because of the turmoil, but no matter how hard life hits these challenges has taught a lessons especially the importance and value of unity in times of great disaster. These obstacle cling us together as one solid entity and community ready to strive to be able to overcome the hurdles.

The moved by the National Government to classify the Metro Manila and the entire National Capital Region under the “New Normal” it gave a go signal to all businesses to operate in full, which the management are optimistic that this scenario will somehow help the company

to implement the plan of action that have been established during the pandemics to more or less put into and re-positioning for a new normal as planned specifically the following:

- a) To intensify cost cutting measures to combat the effect of economic changes such as price increases in operating cost;
- b) To expand land banking activities; and
- c) To intensify its marketing strategies, which includes more lucrative discount and perks to all prospective buyers and to give special incentives to marketing people to encourage them to attack new/improve sales..

On November 29, 2019, the Company entered into an agreement with Sta. Lucia Land, Inc. (SLand for brevity) to develop a parcel of land owned by the Company. Under the agreement, SLand will develop the parcel of land into a residential subdivision with complete facilities and amenities, upon turnover of the property and upon securing required clearance and permit to develop, and in which the property shall be free and clean from any lien and encumbrance. The agreement further states that the Company shall compensate SLand, in the form of lots consisting 60% of the net saleable area. The remaining 40% shall be the share of Araneta Properties, Inc.

On August 30, 2019, Sta. Lucia Land, Inc., paid in advance the outstanding amount of the liability to Insular Life Insurance Company amounting to ₱115.31 million in behalf of the Company. The said advances is a non-interest bearing and is payable either by way of Company's shares from sales proceeds or by way of direct payments within a period of two years upon issuance of license to sell.

On September 19, 2016, the Company entered into a contract for acquisition of a 580,154 sq.m. land from Insular Life Insurance Company for a total gross consideration of ₱430.47 million.

On November 17, 2015 Gregorio Araneta, Inc., a corporation duly registered with Securities and Commission and with business address located at 6th Floor, Suite A, Adamson Center Centre, 121 LP Leviste Streets, Salcedo Village, Makati City, subscribed and paid three hundred ninety million two hundred seventy seven thousand five hundred (390,277,500) shares at P1.12 per share for the aggregate amount of Philippine Pesos: Four hundred thirty seven million one hundred ten thousand eight hundred (P437,110,800.00).

On November 12, 2015 Board of Directors meeting the board unanimously approved the private placement of Gregorio Araneta Inc. The use of the proceeds from said placement is to boost the Company's land banking activity

Business of Issuer

As at end of December 31, 2022 the total lots sold by the Company is Nine Hundred Forty-Three Thousand Five Hundred Sixty Seven(943,567) square meters of developed lots to Four Thousand Eight Hundred Forty Seven (4,847) buyers.

Particulars	As at end of Dec 31, 2020	As at end of Dec 31, 2021	As at end of Dec 31, 2022
Total subdivided lot sold (in sq.m.)	939,356	941,830	943,567
Number of buyers	4,827	4,836	4,847

Phase 3, Phase 3A and Phase 3B, has been opened to buyers with more or less total aggregate lot area of Three Hundred Seven Thousand Four Hundred Thirty Four(307,434) square meters saleable lots.

The project engineer in-charge of the over-all Project development has reported that Phase 1, Phase 2 and Phase 3 are 100% respectively complete. While the Country Club is also 100% complete as of December 31, 2022.

As part of the land banking activities of the Company started in year 2012 total land acquisitions as of December 31, 2022 detailed as follows:

Acquired from	Lot area (inSq.m.)	Value of Land	Payment made	Balance Payable
All in Sn Jose Del Monte Bulacan				
GASDF Property	47,976	6,618,779.27	6,618,779.27	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
MargaDev't Corporation	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 Cuenca	50,094	12,523,500.00	12,523,500.00	Fully paid
Sub-total	2,385,151	870,887,230.17	870,887,230.17	-0-
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
Sub-total	721,700	229,672,000.00	-0-	229,672,000.00
Total (Sn Jose Del Monte)	3,106,851	1,100,559,230.17	870,887,230.17	229,672,000.00
Add; Northern Luzon Area				
Manuel Bonoan	57,211	31,180,003.00	31,180,003.00	-0-
Almazan et all	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	-0-
	368,739	118,880,879.61	110,975,495.61	7,905,384.00
Total land banking	3,475,590	1,219,440,109.78	981,862,725.78	237,577,384.00

On June 5, 2003 ARA signed a Joint Venture Agreement with Sta. Lucia Realty and Development, Inc. (SLRDI) to develop the Company's 2,364,082 square meters property being described in the master plan which consists of Class A Residential and Commercial Subdivision with a Country Club. The developer gave a period of not more than two (2) years for the project implementation of the commercial subdivision. The Company hired Orchard Property Marketing Corp to handle the sales and marketing of said joint venture project.

Pursuant to the Joint Venture Agreement between the Company and the Sta. Lucia Realty and Development, Inc. (SLRDI), the Company being the owner of the land is entitled to forty percent (40%) of the net proceeds; in case of a Cash Override, or forty percent (40%) of the saleable, in case of lot override, while the SLRDI is entitled to sixty percent (60%) on Cash or lot override as it has to carry the master-plan and implement it including all the required development such road preparation, drainage system, pavement of roads, curbs, gutters, sidewalks, water systems, deepwell or water tank, electrical system, perimeters or security

walls, planting of trees or landscaping, and development of park ways or open spaces at their own cost.

No problem is foreseen as far as suppliers are concerned, since all the materials needed for property development are 100% available locally.

There are no other transactions with and/or dependence on related parties.

The Company is the only establishment holding such large area of land in contiguous lots. The management positively believes that there will be no such “competitor/s” seen in the near future within the geographic area for the reason that there are no more such large quantity of land easy to consolidate for “Commercial, Residential and Mixed” project like the **Ayala Business District of Makati**, the Trinoma of Quezon City, the **Fil-Invest of Ayala Alabang** or the **Nuvali of Sta. Rosa City**. Thus, competition or such is no longer an issue in the business operation of the Company.

As mentioned above the business of the Company is developing more or less 2,364,082 square meters property in San Jose Del Monte Bulacan, while the Company has already consolidated more or less 2,385,151 square meter in San Jose Del Monte Bulacan area, as at end of December 31, 2022, and with the potential for acquisition of 721,700 square meter which is currently the negotiation is in process.

The percentage of revenues during each of the last three fiscal years, are as follows:

Particulars	Year 2020	Year 2021	Year 2022
Sale from Real Estate	20,482,436	36,661,169	42,981,521
Cost of Land	3,340,972	11,300,824	7,342,598
Percentage to revenue	16.31%	30.383%	17.083%

Note: (Increase in sales in Year 2022 by 17.083% as compared to the year 2021 the reason of which was brought about by the increased in number of sales production by 25.000% and conclusion of excellent marketing specifically the holding on of inventory in abeyance of a much better price)

Government Approvals and Regulations

Since the primary business of the Company is to develop and sell real properties, it needs the following governmental approvals are needed:

- 1) Environmental Clearance Certificate – (Approved ECC),
- 2) Locational Clearance Certificate – (Approved LCC for Lot 13, approximately 96 hectares).
- 3) Effect of existing or probable governmental regulation on the business - None

Human Resources

As December 31, 2022 the total number of officers, managers, consultants and regular employees of the Company are as follows:

Executives & Managers	7
Consultants	5
Supervisors, Rank and File	<u>18</u>
Total number of employees	30

Employees & consultants described above including stock-transfer agent.

The above employees of the Company are not subject to Collective Bargaining Agreement *and* have not experienced any conflict between employees *and* with the management for the past three (3) years. At present there are no supplemental benefits or incentive arrangements that the Company has or will have with its employees

Financial Instruments and Capital Management

In General Management

The Company has risk management policies that systematically view the risks that could prevent the Company from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Company's objectives are achieved. The Company's risk management takes place in the context of day-to-day operations and normal business processes such as strategic planning and business planning. Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Company's established business objectives.

Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash and cash equivalents, receivables and loans payable. The primary purpose of these financial instruments is to finance the Company's operations. The Company has other financial instruments such as receivables, AFS investments, accounts payable and accrued expenses which arise directly from its operations. The main risks arising from the Company's financial instruments are liquidity risk and credit risk. As of December 31, 2022 and 2021, the Company has minimal exposure to any significant foreign currency risk because most of its financial instruments are denominated in Philippine peso. As assessed by the management, the Company has minimal exposure to equity price risk for the AFS financial asset and as such, has no material impact to the financial statements. The BOD reviews and approves the policies for managing each of these risks such as:

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Company's credit standing.

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.

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 activities in the same geographic region, or have 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.

Economic and health risk

The declaration of the National Government classifying the Metro Manila and the entire National Capital Region under the "New Normal" it gave a go signal to all business sector to operate normally, the management are optimistic that this scenario will somehow help the company to implement already the plan of action that has been put into and re-positioning for a new normal operation

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Country for a period of six (6) months & imposed an enhanced community quarantine through-out the island of Luzon until April 12, 2020, for selected areas, including Metro Manila, this was subsequently extended to May 31, 2020. The ECQ was subsequently lifted and replaced by a more lenient general community quarantine starting June 1, 2020. This measure is expected to result to disruptions to businesses and economic activities.

The Company implemented compliance measures to the community quarantine (CQ) protocols in conjunction with the National Government's strategy to flatten the curve and/or to combat the spread of outbreak as follows:

- a) Full shutdown of Makati Offices started on March 16, 2020. All employees received their salaries for the period March 16 to 31, 2020 in full.
- b) After March 31, 2020, employees were encouraged to utilize their available leave credits and work on a skeletal basis.
- c) Other measures are being implemented to ease the impact of the CQ on the employees, e.g. the early release of the prorated 13th month pay, extend cash advances to regular employees in the event that the CQ is extended.

Business opportunity is paralyzed such as cash inflows. Presently, the Company concentrates on Cash Management to be able to rationalize and ensure availability of funds to sustain payments of employees' payroll.

At present, the General Community Quarantine (GCQ) have collateral effect in all business aspects both sales and collection of the Company's receivables depending on the capability of buyers to meet future payments. The Company will continue to monitor the situation, and should the GCQ be further prolonged, the BOD may at any time form a Crisis Management Team/Committee that will focus on the impact to the Company's revenue and operations, or formulate assessment tools to measure and/or benchmark costs and expenses or anticipate scenario beyond "COVID-19", upon assumption of work and "Normal" operation.

Certain Issues or Issuers

Investment Company Securities.

On November 29, 2019, the Company entered into an agreement with Sta. Lucia Land, Inc. (SLand for brevity) to develop more or less 300 hectares of land owned by the Company. Under the agreement, SLand will develop the parcel of land into a residential subdivision with complete facilities and amenities, upon turnover of the property and upon securing required clearance and permit to develop, and in which the property shall be free and clean from any lien and encumbrance. The agreement further states that the Company shall compensate SLand, in the form of lots consisting 60% of the net saleable area. The remaining 40% shall be the share of Araneta Properties, Inc.

On June 5, 2003 ARA signed a Joint Venture Agreement with SLRDI to develop the Company's 2,364,082 square meters property being described in the master plan as a Class A Residential and Commercial Subdivision with Country Club. The JV appointed Orchard Property Marketing Corporation to handle the marketing plan and strategy for the sales of said joint venture project.

Land banking activities-San Jose Del Monte Bulacan

On November 24, 2019 the company entered into a Purchase Agreement (PO) with Emma F. Almazan, to acquire more or less 11,862 square meters of parcels of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest.

On May 08, 2018 the company signed a Deed of Absolute Sell to acquire land from Rodolfo M. Cuenca, located in San Jose del Monte, Bulacan with a total lot area of Fifty Thousand Ninety Four(50,094) square meter.

On October 12, 2017 the company signed a Deed of Absolute Sell to acquire land from Paramount Finance Corporation , located in San Jose del Monte, Bulacan with a total lot area of Ten Thousand (10,000) square meter.

On September 19, 2016 the company signed a contract to sell to acquire land from Insular Life Assurance Company LTD. (IL for brevity), located in San Jose Del Monte, Bulacan with a total lot area of Five Hundred Eighty Thousand One Hundred Fifty Four (580,154) square meters for or less. The contract covers an installment terms without interest payable until September 16, 2020, on August 30, 2019 ARA has already pre-terminated its installment terms and paid in full its obligation with IL.

On February 21, 2014 the company signed a memorandum of understanding to acquire land located at Barrio TungkongMangga, City of San Jose Del Monte Bulacan with a total area of Three Hundred Sixty Thousand Square Meters (360,000 sq.m.), The contract covers an installment terms without interest, the contract is fully paid as at end of December 31, 2016.

On December 19, 2012, the company signed another contract to acquire land from BDO Strategic Holdings, Inc. located also in San Jose Del Monte, Bulacan, with a total lot area of Nine Hundred Twenty Six Thousand Five Hundred Fifty (926,550) square meters. The contract covers a Ten (10) years installment terms with fixed interest rate of 8% per annum, the acquisition contract is already fully paid.

In August 24, 2012 signed a contract to sell with Don Manuel Corporation a domestic Corporation owner of parcels of land located at San Jose Del Monte, Bulacan with a total lot area of Four Hundred Ten Thousand Three Hundred Seventy Seven (410,377) square meters. The contract excludes Twenty One Thousand Eight Hundred Thirty Six (21,836) square meters being occupied by the National Transmission Corporation. Thus, the net saleable lot acquired is Three Hundred Eighty Eight Thousand Five Hundred Forty One (388,541) square meters payable via installment terms over a period of three (3) years the contract is already fully paid

Land banking activities-City of Laoag, Ilocos Norte

On November 24, 2019 the company entered into a Purchase Agreement (PO) with Emma F. Almazan, to acquire more or less 11,862 square meters of parcels of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest.

On November 20, 2018, the company signed a contract to sell to acquire land from Hugo Nat D. Juan, located also in Barangay Balacad, City of Laoag, Ilocos Norte with a total lot area of Thirteen Thousand One Hundred Eight Six (13,186) square meters via installment purchase repayable into three (3) equal payments.

On November 18, 2016, the company signed a deed of absolute sell to acquire *via-cash purchase land* from Manuel M. Bonoan located also in Barangay Balacad, City of Laoag, Ilocos Norte with a total lot area of Fifty Seven Thousand Two Hundred Eleven (57,211) square meters.

On October 8, 2015 the company signed a unilateral Deed of Absolute Sell to acquired on installment of more or less 169,904 square meters of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest payable until April 19, 2019.

On June 3, 2014 the company entered into a Memorandum of Agreement (MOA) with Emma F. Almazan, to acquire more or less 116,576 square meters of parcels of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest.

ITEM 2 PROPERTIES

DESCRIPTION OF PROPERTIES

San Jose del Monte, Bulacan Property

Size and Location - The property of the Company consists of 2,364,082sq.m.of prime land most of which are located in Barrio TungkongMangga, San Jose del Monte, Bulacan, and bounded by Caloocan City on the southwest, Quezon City on the South, Montalban on the East and San Jose del Monte on the Northeast.The 236.408 hectares of prime land subject of the above discussion do not include the 232.640 hectares of landalready acquired as at end of December 31, 2021 making the total consolidated lot area of 2,385,151 square meters in San

Jose Del Monte Bulacan area, and with highly potential to acquire is the more or less 721,700 square meters to complement additional expansion which the negotiation is still in progress.

Access-The main road leading to the property is the Quirino Highway. It can be easily be reached via Gregorio Araneta Avenue which runs for about 6 kms. from the southwest entrance in KalookanCity to the northeast point of the development site. In the near future, the proposed C-6 (from the Bicutan junction of the South Luzon Tollway to North Luzon Tollway in Marilao, Bulacan) will either cut through the property or pass right next to it.

Likewise, the proposed North Luzon Expressway East (which will connect C-5 to Nueva Ecija and will run parallel to North Luzon Toll Way) will pass nearby. The Quezon City LRT (from Welcome Rotonda through Commonwealth Avenue and its proposed extension via Quirino Highway to Norzragay) and the EDSA LRT will provide faster, easier access to and from Metro Manila.

What It Looks Like - The rolling terrain rises gently from the SW entrance to the NE tip, reaching a height of 280 meters at its highest point. From there one can see the Capitol Hills area nearby and Manila Bay farther out in the distance. Most of the property (approximately 65%) has a slope of less than ten degrees, which is suitable to commercial and residential development. About 25% of the land has a 10-20 degree slope, which presents constraints to commercial development but is suited to housing. Some 10% of the terrain has a 20-30 degree slope, making it fit mostly for hillside housing. From the air, one can see the Marilao River running along the eastern and southern boundaries of the site. Much of it now is grassland, with some areas planted to crops and mango groves. A few spots of heavy vegetation exist. Surrounding the property - and keeping it free from pollution - are the Angat and La Mesa watersheds.

Utilities - Electricity is provided by Manila Electric Company. Philippine Long Distance Telephone Company and Digital share the telecommunications franchise in the area. Water comes from underground sources and the San Jose del Monte SapangPalay filtration plant. Over the long run, however, the water needs of the developed property will be supplied by a MWSS aqueduct connected to Angat River and coursed through an in-site filtration plant.

ManticaoMisamis Oriental Property

Size and Location of Land - The property consists of 17.3 hectare of regular residential land, located along the national highway of Cagayan de Oro City to Iligan City and within the Poblacion of Barrio Patag, Manticao,Misamis Oriental.

Land Banking Activities-San Jose Del Monte, Bulacan

On May 08, 2018 the company signed a Deed of Absolute Sell to acquire land from Rodolfo M. Cuenca, located in San Jose del Monte, Bulacan. with a total lot area of Fifty Thousand Ninety Four (50,094) square meter. On October 12, 2017 the company signed a Deed of Absolute Sell to acquire land from Paramount Finance Corporation, located in San Jose del Monte, Bulacan with a total lot area of Ten Thousand (10,000) square meter. On September 19, 2016 the company signed a contract to sell to acquire land from Insular Life Assurance Company LTD., located in San Jose Del Monte, Bulacan with a total lot area of Five Hundred Eighty Thousand One Hundred Fifty Four (580,154) square meters for or less. The contract covers an installment terms without interest and payable until September 16, 2020. On February 21, 2014 the company signed a memorandum of understanding with Marga Capital Holdings, Inc. to acquire land located at Barrio TungkongMangga, City of San

Jose Del Monte Bulacan with a total area of Three Hundred Sixty Thousand Square Meters (360,000sq.m.), The contract covers an installment terms without interest. On December 19, 2012, the company signed another contract to acquire land from BDO Strategic Holdings, Inc. located at San Jose Del Monte, Bulacan with a total lot area of Nine Hundred Twenty Six Thousand Five Hundred Fifty (926,550) square meters. The contract covers a Ten (10) years installment terms with fixed interest rate of 8% per annum. On August 24, 2012 the company entered a contract to sell with Don Manuel Corporation a domestic Corporation owner of parcels of land located at San Jose Del Monte, Bulacan with a total lot area of Four Hundred Ten Thousand Three Hundred Seventy Seven (410,377) square meters. The contract excludes Twenty One Thousand Eight Hundred Thirty Six (21,836) square meters being occupied by the National Transmission Corporation. Thus, the net saleable lot acquired is Three Hundred Eighty Eight Thousand Five Hundred Forty One (388,541) square meters payable via installment terms over a period of three (3) years.

Land Banking Activities- City of Laoag, Ilocos Norte

On November 24, 2019 the company entered into a Purchase Agreement (PO) with Emma F. Almazan, to acquire more or less 11,862 square meters of parcels of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest.

On November 20, 2018, the company signed a contract to sell to acquire land from Hugo Nat D. Juan, located also in Barangay Balacad, City of Laoag, Ilocos Norte with a total lot area of Thirteen Thousand One Hundred Eight Six (13,186) square meters via installment purchase repayable into three (3) equal payments. On November 18, 2016, the company signed a deed of absolute sell to acquire *via-cash purchase land* from Manuel M. Bonoan located also in Barangay Balacad, City of Laoag, Ilocos Norte with a total lot area of Fifty Seven Thousand Two Hundred Eleven (57,211) square meter. On October 8, 2015 the company signed a unilateral Deed of Absolute Sell to acquired on installment of more or less 169,904 square meters of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest payable until April 19, 2019. On June 3, 2014 the company entered into a Memorandum of Agreement (MOA) with Emma F. Almazan, to acquire more or less 116,576 square meters of parcels of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest.

As at end of December 31, 2022 the Company has already consolidated more or less 2,753,890 square meters of parcels of land making to the total land area for expansion of 3,475,590 square meters not to include the potential acquisition of 721,700 square meter which is presently the negotiation is in process.

ITEM 3. LEGAL PROCEEDINGS

- a) No legal proceeding was filed or is pending involving claims exceeding 10% of the current assets for or against the Company, except for a court case filed by the Bureau of Internal Revenue Examiner against Araneta Properties, Inc. (ARA), officers due to none compliance and submission of the required document in relation to ARAs BIR examination of books for the 2019 Income Tax Return, the LOA was served in 2019 during pandemics which ARAs offices is closed from April 2019 until August 2021, the Court has already issued resolution acquitting Araneta Properties, Inc. (ARA), officers.

- b) There were No bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;
- c) There were No conviction by final judgment of competent court, including the nature of the offense, in acriminal proceeding/s, domestic or foreign or being subject to a pending criminal proceeding domestic foreign excluding traffic violations and other minor offenses;
- d) There have been No order of judgment or decree not subsequently reversed suspended or vacated of any court of competent jurisdiction domestic or foreign permanently or temporarily enjoining barring suspending or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities, and
- e) The company have not been found by a domestic or foreign court of competent Jurisdiction (in a civil action)commission or comparable foreign body, a domestic or foreign exchange, other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended or vacated

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

The stockholder's meeting of the Company was held last **November 10, 2022** at **2:00' clock in the afternoon**, information about said virtual meeting can be accessed at the link provided in ARA's website at <https://aranetaproperties.com>.Agenda at the said meeting are as follows:

1. Call to order;
2. Proof of notice and due calling of meeting; Determination of a quorum;
3. Approval of Minutes of the Annual Stockholders' Meeting held on November 10, 2021;
4. Report of the President;
5. Presentation and approval of the Financial Statements as of December 31, 2021;
6. Ratification of the acts of the Board of Directors and Officers;
7. Election of members of the Board of Directors;
8. Appointment of External Auditors;
9. Amendment of the Company's By-Laws;
10. Other Matters;
11. Adjournment

The shareholders also ratified the acts of management for the period.

The following were elected Directors of the Company for the year 2022-2023, namely: Gregorio Ma. Araneta III, Crisanto Roy B. Alcid, Cesar C.Zalamea, Alfonso M.Araneta, Luis M. Araneta, Francisco A. Segovia and as independent Directors, Perry L. Pe, Lazaro DellasllagasMadara, and Mr. Alfredo D. Roa III.

Reyes Tacandong & Co., was appointed as the Company's new Independent Auditor.

PART II - OPERATIONAL *and* FINANCIAL INFORMATION

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY *and* RELATED STOCKHOLDERS MATTERS

(1) Market Information

(a) The principal market of the Company's shares of stocks is the Philippine Stock Exchange. The high and low sales price of the Company's shares for the last three (3) years are as follows:

Period	2020		2021		2022	
	High	Low	High	Low	High	Low
First Quarter	1.92	1.04	1.52	1.13	1.14	0.94
Second Quarter	1.20	1.00	1.30	1.13	2.21	1.03
Third Quarter	1.05	0.97	1.24	1.03	1.75	1.20
Fourth Quarter	1.34	0.94	1.10	.96	1.28	1.02

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

Year	Month/Date	Closing Price (in Php)
2023	April 13, 2023	P0.93
2023	March 31, 2023	P0.92
2023	February 28, 2023	P1.01
2023	January 30, 2023	P1.04

The approximate number of shareholders as of December 31, 2022 is 2,132 shareholders and the top twenty (20) shareholders as of December 31, 2022 are the following:

1	PCD Nominee Corporation	Filipino	734,008,191	37.61%
2	Carmel Development Inc.	Filipino	499,999,997	25.62%
3	Gregorio Araneta Inc.	Filipino	390,277,500	20.00%
4	Gamma Properties, Inc	Filipino	136,000,000	6.97%
5	Olongapo Mabuhay Express Corp.	Filipino	124,855,422	6.40%
6	PCD Nominee Corporation	Other alien	35,816,492	1.84%
7	Brand Realty Corporation	Filipino	13,725,404	0.70%
8	Seafront Resources Corporation	Filipino	3,756,788	0.19%
9	Ruby D. Roa	Filipino	588,599	0.03%

10	TeresitaDela Cruz	Filipino	528,458	0.03%
11	Maria Cristina Dela Paz	Filipino	525,000	0.03%
12	Flora Pascual	Filipino	493,720	0.03%
13	Leonides Francisco Balmeo	Filipino	425,000	0.02%
14	Luis V. Ongpin, JR ITF Victor Luis M. Ongpin	Filipino	411,000	0.02%
15	Paolo Tuason	Filipino	376,500	0.02%
16	EBC Securities Corporation	Filipino	300,000	0.02%
17	Rosanna Isabel T. Torres	Filipino	255,000	0.01%
18	Jaye Marjorie R. Gonzales	Filipino	200,000	0.01%
19	Jocelyn L. Oquias	Filipino	195,135	0.01%
20	Antonio Dy	Filipino	180,000	0.01%
	Total		1,948,416,941	99.85%
	Add: Other Stockholders		2,970,629	0.15%
	Total shares		1,951,387,570	100.00%

(3) Dividends

The Company has no restrictions that will limit the ability to pay dividends on common equity. But the Company, as a general rule, shall only declare from surplus profits as determined by the Board of Directors as long as such declaration will not impair the capital of the Company.

Since the Company has only started recognizing income, no dividends have been declared for the last three (3) years.

(4) Recent Sales of unregistered securities

- a) No unregistered securities have been sold during the calendar year ended.
- b) Underwriter and other purchases – Not applicable
- c) Exemption from registration claimed – 10.1 (k) The sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve- month period.

On November 12, 2015 Board of Directors meeting the board unanimously approved the private placement of Gregorio Araneta Inc. The use of the proceeds from said placement is to boost the Company's land banking activity

On August November 17, 2015 Gregorio Araneta, Inc., a corporation duly registered with Securities and Commission and with business address located at Mezzanine Floor, Adamson Centre, 121 LP Leviste Streets, Salcedo Village, Makati City, subscribed and paid three hundred ninety million two hundred seventy seven thousand five hundred (390,277,500) shares at P1.12 per share for the aggregate amount of Philippine Pesos: Four hundred thirty seven million one hundred ten thousand eight hundred (P437,110,800.00).

ITEM 6. MANAGEMENT’S DISCUSSION and ANALYSIS OR PLAN OF OPERATION

Year 2022

(1) Management’s Discussion and Status of Operation

As mentioned above the year 2022 has been another year of challenges brought about by the CoVid-19 pandemic that hits all over the World, the catastrophe has been a bad experience to call from year 2019, 2020, 2021 and even in year 2022, while the Covid-19 is still an issues of concern. Another world issue shaken the world is the Russia’s attempt to invade Ukrain which continuous to create havocs, the world-wide uncertainties effectedmost is the prices of fuel and other commodities drastically gone high because of the turmoil, but no matter how hard life hits these challenges has taught a lessons especially the importance and value of unity in times of great disaster. These obstacle cling us together

The performance of the Company in terms of revenue increaseby 70.109%, sales for the year is P42.982 million, as compared to is P36.666million in year 2021 and P20.482 million in Year 2020. This performance is directly attributed to the marketing strategies which is already implemented, specifically the holding on of some Inventory for a much better price and “new normal” in operation following the declaration of the National Government to classify the entire Metro Manila under the lowest Covid-19 the alert level-1, management read it as a good signal for a much better scenario in the near future.

The above strategies are already conclusive, where some buyers have already reserved more or less 12,652 square meters of subdivided lot at the price of P13,000.00 to P23,000.00per 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.

The Company is using “Project Percentage of Completion” (PPOC) in the recognition of revenue, the residential area of Phase 1, Phase 2 & Phase 3 are 100%complete, while the Countryclub is likewise 100% complete as of December 31, 2022. The Company uses the PPOC in determining sales during the period.

Table I – The comparative figures of the results of operations for the three (3) years period ending December 31, 2022with comparative figures of year 2021 and 2020 for the same period

<i>In millions (Php)</i>	For the Years Ended December 31			% Change	
	Year 2020	Year 2021	Year 2022	2020 vs 2021	2021 vs 2022
Revenue	26.591	43.197	47.523	44.356%	10.014%
Expenses	46.249	63.004	50.321	34.941%	(20.131%)
Net Income (loss) before tax	(20.098)	(19.806)	(2.798)	(01.453%)	(85.876%)

Table II – The comparative figures of revenues consist of: (1) Sales from real estate business, (2) Interest Income from installments sales of real estate business, and(3) Other Income for the years ended December 31, 2022with comparative figures of year 2021 for the same period

<i>In millions (Php)</i>	For the Years Ended December 31			% Change	% Change
	Year 2020	Year 2021	Year 2022	2020 vs 2021	2021 vs 2022
Income from Real Estate	20.482	36.661	42.983	49.181%	17.240%
Accretion of interest Income from installment sales	6.105	6.106	4.277	.007%	(29.955%)
Other Income	0.004	0.430	0.265	11,816.519%	(38.431%)
Tota Income	26.591	43.197	47.524	44.356%	10.014%

As part of the land banking activities of the Company started in year 2012 total landacquisition as of December 31, 2022 detailed as follows:

Acquired from	Lot area (inSq.m.)	Value of Land	Payment made	Balance Payable
<i>All in Sn Jose Del Monte Bulacan</i>				
GASDF Property	47,976	6,618,779.27	6,618,779.27	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
MargaDev't Corporation	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 Cuenca	50,094	12,523,500.00	12,523,500.00	Fully paid
<i>Sub-total</i>	2,385,151	870,887,230.17	870,887,230.17	-0-
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
<i>Sub-total</i>	721,700	229,672,600.00	-0-	229,672,000.00
Total (Sn Jose Del Monte)	3,106,851	1,100,559,230.17	870,887,230.17	229,672,000.00
Add; Northern Luzon Area				
Manuel Bonoan	57,211	31,180,003.00	31,180,003.00	-0-
Almazan et all	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	-0-
	368,739	118,880,879.61	110,975,495.61	7,905,384.00
Total land banking	3,475,590	1,219,440,109.78	981,862,725.78	237,577,384.00

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 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.

	As of Dec 31, 2020	As of Dec 31, 2021	As of Dec 31, 2022
Current Ratio (1)	6.1989 : 1	5.8525 : 1	6.1435 : 1
Debt to Equity Ratio (2)	1 : 0.1414	1 : 0.1454	1 : 0.1392
Earnings (Loss) per Share (3)	(1 : 0.0076)	(1 : 0.0060)	(1 : 0.0015)
Earnings (Loss) before interest and Income Taxes (4)	(P20.098) million	(P19.806) million	(P2.798) million
Return on Equity	(0.0042)	(0.0114)	(0.0016)

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

Other than the above mentioned trend, specifically the trend introduced by new player in real estate company the Ayala Land, Inc., and the Avida Land Corporation has made a significant impact resulted to a price per square meter increased. There are no known trends, events or uncertainties with significant impact on net sales, or income that will have a material impact on liquidity or that would trigger direct or contingent liability, including default or acceleration of obligation other than what was mentioned in the Plan of Operation, The Company has not found any future cash flow problem that would trigger the default or breach of note, loan, lease or other indebtedness or financing arrangement requiring it to make payments of any significant amount. None the trade payables have been unpaid within the stated trade terms. There is no material deficiency in any nature identified and there were no internal and external source of liquidity.

There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period

There were material commitments for capital expenditures specifically the acquisition of parcels of land in relation to Company's land banking activity details of which already described above.

There are no known trends events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There is no material change from period to period including vertical and horizontal analyses of any material item, except for land acquisition the details of which is already described in the above captioned land banking activity.

(2) Analysis of Financial Condition and Results of Operations.

The full detail of the analysis of financial condition and results of operations is stated in the audited financial statement which is form part of this report.

Cash

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods up to three months depending on the immediate cash requirements of the Company and earn interest at the respective deposit rates. Interest income earned from cash with banks and cash equivalents amounted to ₱2,270 in 2022, ₱3,565, in 2021 and ₱23,820 in 2020.

The account consists of:

	2022	2021
Cash hand	₱32,281	₱ 32,281
Cash in banks	3,462,062	3,872,910
	₱3,494,343	₱3,905,191

Receivables

The account consists of:

	2022	2021
Trade receivables	₱328,782,767	₱334,752,418
Advances to officers, employees & others	3,071,210	3,240,472
	₱331,853,977	₱337,992,890
Less: Noncurrent portion of trade receivables	160,043,932	160,659,537
Current portion	₱171,810,045	₱177,333,353

Trade receivables pertain to the Company's outstanding receivable balance from its sale of real estate inventories in relation to its joint operations with SLRDI). These are collectible in monthly installments over a period of one to ten years

Income from interests and penalties arising from late payment of these receivables amounting to ₱4.5 million in 2022, ₱6.5 million in 2021 and ₱6.1 million in 2020 are recognized under "Interests, penalties and other income" in the statements of comprehensive income.

Advances to officers, employees and other receivables are noninterest-bearing receivables that are due within 12 months from the reporting date.

Real Estate Inventories

This account mainly pertains to land developed for a residential subdivision under the project agreement with SLRDI and includes other lots owned and held for sale by the Company.

The Company and SLRDI began regular activities in 2005 based on their project agreement, As of December 31, 2022 and 2021, the projects with SLRDI are 100% completed based on the physical completion report provided by the project's supervising engineer.

Movements of this account are accounted as follows:

<u>2022</u>	<u>2021</u>	
Balance at beginning of year	₱895,120,087	₱901,740,321
Development costs	1,962,790-	
Cost of land sold	(2,311,348)	(6,620,234)
Balance at end of year	₱894,771,529	₱895,120,087

Based on management's evaluation, the NRV of the real estate inventories is substantially higher than its cost, hence, no write-down was recognized in 2022, 2021 and 2020. The amount of real estate inventories recognized under "Cost of real estate sales" in the statements of comprehensive income amounting to ₱7.3 million in 2022, ₱11.3 million in 2021 and ₱3.3 million in 2020, consists of the cost of the land sold and directly attributable costs of selling the real estate inventories amounting to ₱5.0 million in 2022, ₱4.7 million in 2021 and ₱2.8 million in 2020

Input VAT

Input VAT amounting to ₱60.4 million and ₱64.4 million as at December 31, 2022 and 2021, respectively, pertains to the 12% indirect tax paid by the Company in the course of the Company's trade or business on local purchase of goods or services which can be applied against the Company's output VAT. Management has assessed that these are recoverable in future periods.

Investment Properties

The Company's investment properties which are carried at cost consist of land currently held for long-term capital appreciation amounting to ₱674.1 million as at December 31, 2022 and 2021.

Based on the Company's latest appraisal report dated March 15, 2023, the fair value of the investment properties amounted to ₱2,587.9 million. The valuation was performed by a qualified independent appraiser and the valuation techniques used and key inputs to valuation on the investment properties are as follows:

<u>Property Valuation Technique</u>	<u>Significant Unobservable Inputs</u>	<u>Range</u>
Land Market Data Approach	Price per square meter	₱1,200 - ₱1,500

Price per square meter is the estimated value prevailing in the real estate market depending on the location, area, shape and time element. The fair valuation techniques used as at December 31, 2022 and 2021 are categorized as Level 3 in the fair value hierarchy. Significant increases (decreases) in price per square meter would result in a significantly higher (lower) fair value of the property.

Property and Equipment.

Details and movements of this account are as follows:

	2022				
	Office Condominium Unit	Building and Improvements	Hauling and Transportation Equipment	Furniture, Fixtures and Other Equipment	Total
Cost					
Balance at beginning of year	₱46,047,004	₱12,143,398	₱5,964,870	₱6,755,488	₱70,910,760
Additions	–	–	–	8,840	8,840
Balance at end of year	46,047,004	12,143,398	5,964,870	6,764,328	70,919,600
Accumulated Depreciation					
Balance at beginning of year	44,175,892	12,143,398	4,497,779	6,459,143	67,276,212
Depreciation	1,841,881	–	526,560	124,084	2,492,525
Balance at end of year	46,017,773	12,143,398	5,024,339	6,583,227	69,768,737
Carrying Amount	₱29,231	₱–	₱940,531	₱181,101	₱1,150,863

Fully depreciated property and equipment still being used in operations amounted to ₱21.6 million as at December 31, 2022 and 2021.

No property and equipment were pledged as security to the Company's obligations in 2022, 2021 and 2020.

Land Banking Activities-San Jose Del Monte, Bulacan

On November 29, 2019 the Company signed a Joint Venture Agreement with Sta. Lucia Land, Inc. (SLand for brevity), a Publicly Listed Corporation to handle the development of more or less 300 hectares of land owned by the Company and SLand shall develop and subdivide the property to be able to have it ready for sale and that will form part of Annex of the existing Colinas Verdes Subdivision Project.

On May 08, 2018 the company signed a Deed of Absolute Sell to acquire land from Rodolfo M. Cuenca, located in San Jose del Monte, Bulacan. with a total lot area of Fifty Thousand Ninety Four (50,094) square meter. On October 12, 2017 the company signed a Deed of Absolute Sell to acquire land from Paramount Finance Corporation, located in San Jose del Monte, Bulacan with a total lot area of Ten Thousand (10,000) square meter. On September 19, 2016 the company signed a contract to sell to acquire land from Insular Life Assurance Company LTD., located in San Jose Del Monte, Bulacan with a total lot area of Five Hundred Eighty Thousand One Hundred Fifty Four (580,154) square meters for or less. The contract covers an installment terms without interest and payable until September 16, 2020. On February 21, 2014 the company signed a memorandum of understanding with Marga Capital Holdings, Inc. to acquire land located at Barrio Tungkong Mangga, City of San Jose Del Monte Bulacan with a total area of Three Hundred Sixty Thousand Square Meters (360,000 sq.m.), The contract covers an installment terms without interest. On December 19, 2012, the company signed another contract to acquire land from BDO Strategic Holdings, Inc. located at San Jose Del Monte, Bulacan with a total lot area of Nine Hundred Twenty Six Thousand Five Hundred Fifty (926,550) square meters. The contract covers a Ten (10) years installment terms with fixed interest rate of 8% per annum. On August 24, 2012 the company entered a contract to sell with Don Manuel Corporation a domestic Corporation owner of parcels of land located at San Jose Del Monte, Bulacan with a total lot area of Four Hundred Ten Thousand Three Hundred Seventy Seven (410,377) square meters. The contract excludes Twenty One Thousand Eight Hundred Thirty Six (21,836) square meters being occupied by the National Transmission Corporation. Thus, the net saleable lot acquired is Three Hundred

Eighty Eight Thousand Five Hundred Forty One (388,541) square meters payable via installment terms over a period of three (3) years.

Land Banking Activities- City of Laoag, Ilocos Norte

On November 24, 2019 the company entered into a Purchase Agreement (PO) with Emma F. Almazan, to acquire more or less 11,862 square meters of parcels of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest.

On November 20, 2018, the company signed a contract to sell to acquire land from Hugo Nat D. Juan, located also in Barangay Balacad, City of Laoag, Ilocos Norte with a total lot area of Thirteen Thousand One Hundred Eight Six (13,186) square meters via installment purchase repayable into three (3) equal payments. On November 18, 2016, the company signed a deed of absolute sell to acquire *via-cash purchase land* from Manuel M. Bonoan located also in Barangay Balacad, City of Laoag, Ilocos Norte with a total lot area of Fifty Seven Thousand Two Hundred Eleven (57,211) square meter. On October 8, 2015 the company signed a unilateral Deed of Absolute Sell to acquired on installment of more or less 169,904 square meters of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest payable until April 19, 2019. On June 3, 2014 the company entered into a Memorandum of Agreement (MOA) with Emma F. Almazan, to acquire more or less 116,576 square meters of parcels of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest.

As at end of December 31, 2020 the Company has already consolidated more or less 2,385,151 square meters of parcels of land making to the total land area for expansion of 4,749,233 square meters excluding the potential acquisition of 841,243 square meter which is presently the negotiation is in process.

Accounts Payable and Accrued Expenses

This account consists of:

	2022	2021
Trade payables	₱34,553,572	₱27,045,360
Customers' deposits	7,456,644	8,443,545
dAccrued expenses	2,396,021	2,162,569
Statutory payables	381,767	612,204
Others	192,657	275,453
	₱44,980,661	₱38,539,131

Year 2021

(1) Management's Discussion and Status of Operation

The performance of the Company in terms of revenue increased by 82.92% sales for the year is P36.661million as compared with the P20.482 million in Year 2020. This performance is directly attributed to the marketing strategies which is already implemented, specifically the holding on of some Inventory for a much better price and "new normal" in operation following the declaration of the National Government to

classify the entire Metro Manila under the lowest Covid-19 the alert level-1, management read it as a good signal for a much better scenario in the near future.

During the Covid-19 pandemic management uses the lock-down to revisit the Companies existing strategies and policies. The Company 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 under took 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, where some buyers have already reserved more or less 9,910 square meters of subdivided lot at the price of P13,000.00 to P23,000.00per 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.

The Company is using “Project Percentage of Completion” (PPOC) in the recognition of revenue, the residential area of Phase 1, Phase 2 & Phase 3 are 100%complete, while the Countryclub is likewise 100% complete as of December 31, 2021. The Company uses the PPOC in determining sales during the period.

Table I – The comparative figures of the results of operations for the three (3) years period ending December 31, 2021with comparative figures of year 2020 and 2019 for the same period

<i>In millions (Php)</i>	For the Years Ended December 31			% Change	
	Year 2019	Year 2020	Year 2021	2019 vs 2020	2020 vs 2021
Revenue	60.448	26.151	42.767	(56.738%)	63.536%
Expenses	65.455	46.249	62.573	(25.925%)	34.941%
Net Income (loss) before tax	(5.006)	(20.098)	(19.806)	(301.463%)	(01.453%)

Table II – The comparative figures of revenues consist of: (1) Sales from real estate business, (2) Interest Income from installments sales of real estate business, and(3) Other Income for the years ended December 31, 2021with comparative figures of year 2020 for the same period

<i>In Millions (Php)</i>	For the years ended December 31		% Change
	Year 2020	Year 2021	2020 vs 2021
Income from Real Estate Business	20.482	36.661	78.988%
Accretion of interest from installment sales	6.109	6.536	6.993%
Other Income	-0-	-0-	-0-
Total Revenue	26.591	43.197	62.448%

As part of the land banking activities of the Company started in year 2012 total land Acquisition as of December 31, 2021 detailed as follows:

Acquired from	Lot area (inSq.m.)	Value of Land	Payment made	Balance Payable
All in Sn Jose Del Monte Bulacan				
GASDF Property	47,976	6,618,779.27	6,618,779.27	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
MargaDev't Corporation	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 Cuenca	50,094	12,523,500.00	12,523,500.00	Fully paid
Sub-total	2,385,151	870,887,230.17	870,887,230.17	-0-
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
Sub-total	721,700	229,672,600.00	-0-	229,672,000.00
Total (Sn Jose Del Monte)	3,106,851	1,100,559,230.17	870,887,230.17	229,672,000.00
Add; Northern Luzon Area				
Manuel Bonoan	57,211	31,180,003.00	31,180,003.00	-0-
Almazan et all	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	-0-
	368,739	118,880,879.61	110,975,495.61	7,905,384.00
Total land banking	3,475,590	1,219,440,109.78	981,862,725.78	237,577,384.00

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 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.

	As of Dec 31, 2019	As of Dec 31, 2020	As of Dec 31, 2021
Current Ratio (1)	6.5791: 1	6.1989 : 1	5.8525 : 1
Debt to Equity Ratio (2)	1: 0.1344	1 : 0.1414	1 : 0.1454
Earnings (Loss) per Share (3)	(1: 0.0038)	(1 : 0.0086)	(1 : 0.0074)
Earnings (Loss) before interest and Income Taxes (4)	(P5.006) million	(P20.098) million	(P19.806) million
Return on Equity	(0.0042)	(0.0096)	(0.0083)

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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

Other than the above mentioned trend, specifically the trend introduced by new player in real estate company the Ayala Land, Inc., and the Avida Land Corporation has made a significant impact resulted to a price per square meter increased. There are no known trends, events or uncertainties with significant impact on net sales, or income that will have a material impact on liquidity or that would trigger direct or contingent liability, including default or acceleration of obligation other than what was mentioned in the Plan of Operation, The Company has not found any future cash flow problem that would trigger the default or breach of note, loan, lease or other indebtedness or financing arrangement requiring it to make payments of any significant amount. None the trade payables have been unpaid within the stated trade terms. There is no material deficiency in any nature identified and there were no internal and external source of liquidity.

There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period

There were material commitments for capital expenditures specifically the acquisition of parcels of land in relation to Company's land banking activity details of which already described above.

There are no known trends events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There is no material change from period to period including vertical and horizontal analyses of any material item, except for land acquisition the details of which is already described in the above captioned land banking activity.

(2) Analysis of Financial Condition and Results of Operations.

The full detail of the analysis of financial condition and results of operations is stated in the audited financial statement which is form part of this report.

Cash

Cash in banks earn interest at the respective bank deposit rates. Cash equivalent are made for varying periods up to three months depending on the immediate cash requirements of the Company and earn interest at the respective deposit rates. Interest income earned from cash with banks and cash equivalents amounted to ₱0.004million, ₱0.024 million and ₱ 0.18 million in 2021, 2020 and 2019, respectively.

Receivables

Trade receivables mainly represent the Company's outstanding balance in the sale of real estate. These receivables pertain to amounts due from SLRDI and other customers.

Receivables from SLRDI pertain to collections by SLRDI from customers for remittance to the Company. These are noninterest-bearing and are due on demand. Receivables from

customers consist of interest-bearing and noninterest-bearing receivables which are collectible in monthly installments over a period of one to five years. Income from interests and penalties arising from late payment of these receivables amounting to ₱6.536 million, ₱6.109 million and ₱18.09 million in 2021, 2020 and 2019, respectively, are recognized as “Interests, penalties and other income” in the “Other Income (Expense)” section in the statement of comprehensive income.

Impaired installment receivables pertain to the uncollected portion of the amount arising from the sale of non-operating properties to Platinum Group Metal Corporation (PGMC) in 2005. The contract price is collectible in fixed monthly payment of ₱2.00 million starting January 24, 2006. Installment receivables were discounted using the credit-adjusted risk-free rates prevailing at the time of the sale which resulted in an effective interest rate of 9.45%. The Company recognized full allowance on these receivables while they are currently in the process of renegotiating with the management of PGMC with respect to the settlement of the said installment receivables. The Company also written off its impaired receivables from PGMC.

In 2018, the Company sold non-operating properties to Fongfu Mining and Trading Co. (FMTC) located at Poblacion, Manticao, Misamis Oriental for ₱33.00 million which was fully collected in 2018 resulting to a gain of ₱29.91 million, net of applicable taxes.

Advances to officers and employees and others are noninterest-bearing receivables and are due within 12 months from the reporting date

Real Estate Inventory.

This account pertains to land developed for residential subdivisions under the project agreement with SLRDI. As discussed in Note 18 to the financial statements, the Company, together with SLRDI, began their regular activities in 2005 based on their project agreement. As of December 31, 2021, the residential area of Phase 1, Phase 2, and Phase 3 are 100% completed, based on the physical completion report provided by the project’s supervising engineer

Property and Equipment.

The movement in property and equipment account pertains to the recognition of provision for depreciation by the Company amounting to ₱2.394 million, and the retired/Sold of none performing equipment, there were no acquisition of additional property and equipment during the year.

Depreciation expense is presented as part of “General and administrative expenses” in the statements of comprehensive income.

Fully depreciated property and equipment with cost of ₱20.53 million and ₱20.53 million are still being used in operations as of December 31, 2021 and 2020, respectively.

No property and equipment were pledged as security to the Company’s obligations in 2021, 2020 and 2019.

Land Banking Activities-San Jose Del Monte, Bulacan

On November 29, 2019 the Company signed a Joint Venture Agreement with Sta. Lucia Land, Inc. (Sland for brevity), as Publicly Listed Corporation to handle the development

of more or less 300 hectares of land owned by the Company and SLand shall develop and subdivide the property to be able to have it ready for sale and that will form part of Annex of the existing Colinas Verdes Subdivision Project.

On May 08, 2018 the company signed a Deed of Absolute Sell to acquire land from Rodolfo M. Cuenca, located in San Jose del Monte, Bulacan. with a total lot area of Fifty Thousand Ninety Four (50,094) square meter. On October 12, 2017 the company signed a Deed of Absolute Sell to acquire land from Paramount Finance Corporation, located in San Jose del Monte, Bulacan with a total lot area of Ten Thousand (10,000) square meter. On September 19, 2016 the company signed a contract to sell to acquire land from Insular Life Assurance Company LTD., located in San Jose Del Monte, Bulacan with a total lot area of Five Hundred Eighty Thousand One Hundred Fifty Four (580,154) square meters for or less. The contract covers an installment terms without interest and payable until September 16, 2020. On February 21, 2014 the company signed a memorandum of understanding with Marga Capital Holdings, Inc. to acquire land located at Barrio Tungkong Mangga, City of San Jose Del Monte Bulacan with a total area of Three Hundred Sixty Thousand Square Meters (360,000 sq.m.), The contract covers an installment terms without interest. On December 19, 2012, the company signed another contract to acquire land from BDO Strategic Holdings, Inc. located at San Jose Del Monte, Bulacan with a total lot area of Nine Hundred Twenty Six Thousand Five Hundred Fifty (926,550) square meters. The contract covers a Ten (10) years installment terms with fixed interest rate of 8% per annum. On August 24, 2012 the company entered a contract to sell with Don Manuel Corporation a domestic Corporation owner of parcels of land located at San Jose Del Monte, Bulacan with a total lot area of Four Hundred Ten Thousand Three Hundred Seventy Seven (410,377) square meters. The contract excludes Twenty One Thousand Eight Hundred Thirty Six (21,836) square meters being occupied by the National Transmission Corporation. Thus, the net saleable lot acquired is Three Hundred Eighty Eight Thousand Five Hundred Forty One (388,541) square meters payable via installment terms over a period of three (3) years.

Land Banking Activities- City of Laoag, Ilocos Norte

On November 24, 2019 the company entered into a Purchase Agreement (PO) with Emma F. Almazan, to acquire more or less 11,862 square meters of parcels of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest.

On November 20, 2018, the company signed a contract to sell to acquire land from Hugo Nat D. Juan, located also in Barangay Balacad, City of Laoag, Ilocos Norte with a total lot area of Thirteen Thousand One Hundred Eight Six (13,186) square meters via installment purchase repayable into three (3) equal payments. On November 18, 2016, the company signed a deed of absolute sell to acquire *via-cash purchase land* from Manuel M. Bonoan located also in Barangay Balacad, City of Laoag, Ilocos Norte with a total lot area of Fifty Seven Thousand Two Hundred Eleven (57,211) square meter. On October 8, 2015 the company signed a unilateral Deed of Absolute Sell to acquired on installment of more or less 169,904 square meters of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest payable until April 19, 2019. On June 3, 2014 the company entered into a Memorandum of Agreement (MOA) with Emma F. Almazan, to acquire more or less 116,576 square meters of parcels of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest.

As at end of December 31, 2020 the Company has already consolidated more or less 2,385,151 square meters of parcels of land making to the total land area for expansion of 4,749,233 square meters excluding the potential acquisition of 841,243 square meter which is presently the negotiation is in process.

Year 2020

(1) *Management's Discussion and Status of Operation*

The performance of the Company in terms of revenue increased by 67.31% sales for the year is P22.143million as compared to P32.897 million of the same period of year 2019. This performance is directly attributed to cash sales in March 2020 and as well as marketing strategies being implemented, specifically the holding on of some Inventory for a much better price. This strategy will create a favorable momentum for the company's operation activities while awaiting for the right timing on the implementation of sales forecast. The Company 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 under took 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 is already conclusive, where some buyers have already reserved more or less 6,826 square meters of subdivided lot at the price of P13,000.00 to P16,500.00per 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.

The Company is using "Project Percentage of Completion" (PPOC) in the recognition of revenue, the residential area of Phase 1, Phase 2 & Phase 3 are 100%complete, while the Countryclub is likewise 100% complete as of December 31, 2020. The Company uses the PPOC in determining sales during the period.

Table I – The comparative figures of the results of operations for the three (3) years period ending December 31, 2020 with comparative figures of year 2019 and 2018 for the same period

<i>In millions (Php)</i>	For the Years Ended December 31			% Change	
	Year 2018	Year 2019	Year 2020	2018vs 2019	2019vs 2020
Revenue	118.621	60.448	26.591	(49.041%)	(56.010%)
Expenses	71.333	65.454	46.689	8.267%	(28.671%)
Net Income (before tax)	47.288	(5.006)	(20.098)	110.586%	(301.478%)

Table II – The comparative figures of revenues consist of: (1) Sales from real estate business, (2) Interest Income from installments sales of real estate business, and(3) Other Income for the years ended December 31, 2020with comparative figures of year 2019 for the same period

In Millions (Php)	For the years ended December 31		% Change
	Year 2019	Year 2020	2019vs 2020
Income from Real Estate Business	32.897	26.591	(19.169%)
Accretion of interest from installment sales	27.552	6.109	(77.827%)
Other Income	1.173	.022	(98.124%)
Total Revenue	61.622	32.722	(46.899%)

As part of the land banking activities of the Company started in year 2012 total land Acquisition as of December 31, 2020detailed as follows:

Acquired from	Lot area (inSq.m.)	Value of Land	Payment made	Balance Payable
<i>All in Sn Jose Del Monte Bulacan</i>				
GASDF Property	47,976	6,618,779.27	6,618,779.27	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
MargaDev't Corporation	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 Cuenca	50,094	12,523,500.00	12,523,500.00	Fully paid
Sub-total	2,385,151	870,887,230.17	870,887,230.17	-0-
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
Sub-total	721,700	229,672,600.00	-0-	229,672,000.00
Total (Sn Jose Del Monte)	3,106,851	1,100,559,230.17	870,887,230.17	229,672,000.00
				0
Add; Northern Luzon Area				
Manuel Bonoan	57,211	31,180,003.00	31,180,003.00	-0-
Almazan et all	286,480	80,559,106.81	73,925,936.81	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	2,307,550.00	2,307,550.00
	368,739	118,880,879.81	108,667,945.81	10,212,934.00
Total land banking	3,475,590	1,219,440,109.78	979,555,175.98	239,884,934.00
				0

Key Performance Indicators

The Company operates in one business segment, the real estate. The following KeyPerformance Indicators were adopted by the corporation in order to measure theprofitability of the Company and to provide management with a measure on thefinancial strength, liquidity and ability to maximize the value of its stockholders' investments.

	As of Dec 31, 2018	As of Dec 31, 2019	As of Dec 31, 2020
Current Ratio (1)	7.214 : 1	6.582 : 1	6.034 : 1
Debt to Equity Ratio (2)	1 : 0.1246	1 : 0.1344	1 : 0.141
Earnings per Share (3)	1 : 0.0242	(1 : 0.0026)	(1 : 0.0085)
Earnings before interest and Income Taxes (4)	P47.288million	(P5.006) million	(P17.562) million
Return on Equity	0.0267	(0.0028)	(0.00947)

1) Net Income / 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

Other than the above mentioned trend, specifically the trend introduced by new player in real estate company the Ayala Land, Inc., and the Avida Land Corporation has made a significant impact resulted to a price per square meter increased . There are no known trends, events or uncertainties with significant impact on net sales, or income that will have a material impact on liquidity or that would trigger direct or contingent liability, including default or acceleration of obligation other than what was mentioned in the Plan of Operation, The Company has not found any future cash flow problem that would trigger the default or breach of note, loan, lease or other indebtedness or financing arrangement requiring it to make payments of any significant amount. None the trade payables have been unpaid within the staled trade terms. There were no material deficiency in any nature identified and there were no internal and external source of liquidity.

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There are no known trends events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There is no material change from period to period including vertical and horizontal analyses of any material item, except for land acquisition the details of which is already described in the above captioned land banking activity.

(2) Analysis of Financial Condition and Results of Operations.

The full detail of the analysis of financial condition and results of operations is stated in the audited financial statement which is form part of this report.

Cash

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods up to three months depending on the immediate cash requirements of the Company and earn interest at the respective deposit rates. Interest income earned from cash with banks and cash equivalents amounted to ₱0.02 million, ₱0.18 million and ₱0.21 million in 2020, 2019 and 2018, respectively.

Receivables

Trade receivables mainly represent the Company's outstanding balance in the sale of real estate. These receivables pertain to amounts due from SLRDI and other customers.

Receivables from SLRDI pertain to collections by SLRDI from customers for remittance to the Company. These are noninterest-bearing and are due on demand. Receivables from customers consist of interest-bearing and noninterest-bearing receivables which are collectible in monthly installments over a period of one to five years. Income from interests and penalties arising from late payment of these receivables amounting to ₱ 6.109 million, ₱18.09 million and ₱25.99 million in 2020, 2019 and 2018, respectively, are recognized as "Interests, penalties and other income" in the "Other Income (Expense)" section in the statement of comprehensive income.

Impaired installment receivables pertain to the uncollected portion of the amount arising from the sale of non-operating properties to Platinum Group Metal Corporation (PGMC) in 2005. The contract price is collectible in fixed monthly payment of ₱2.00 million starting January 24, 2006. Installment receivables were discounted using the credit-adjusted risk-free rates prevailing at the time of the sale which resulted in an effective interest rate of 9.45%. The Company recognized full allowance on these receivables while they are currently in the process of renegotiating with the management of PGMC with respect to the settlement of the said installment receivables. The Company also written off its impaired receivables from PGMC.

In 2018, the Company sold non-operating properties to Fongfu Mining and Trading Co. (FMTC) located at Poblacion, Manticao, Misamis Oriental for ₱33.00 million which was fully collected in 2018 resulting to a gain of ₱29.91 million, net of applicable taxes.

Advances to officers and employees and others are noninterest-bearing receivables and are due within 12 months from the reporting date

Real Estate Inventory.

This account pertains to land developed for residential subdivisions under the project agreement with SLRDI. As discussed in Note 18 to the financial statements, the Company, together with SLRDI, began their regular activities in 2005 based on their project agreement. As of December 31, 2020, the residential area of Phase 1, Phase 2, and Phase 3 are 100% completed, based on the physical completion report provided by the project's supervising engineer

Property and Equipment.

The movement in property and equipment account pertains to the recognition of provision for depreciation by the Company amounting to ₱2.406 million, and the retired/Sold of none

performing equipment, there were no acquisition of additional property and equipment during the year.

Depreciation expense is presented as part of “General and administrative expenses” in the statements of comprehensive income.

Fully depreciated property and equipment with cost of ₱20.53 million and ₱20.53 million are still being used in operations as of December 31, 2020 and 2019, respectively.

No property and equipment were pledged as security to the Company’s obligations in 2020, 2019 and 2018.

Land Banking Activities-San Jose Del Monte, Bulacan

On November 29, 2019 the Company signed a Joint Venture Agreement with Sta. Lucia Land, Inc. (Sland for brevity), as Publicly Listed Corporation to handle the development of more or less 300 hectares of land owned by the Company and Sland shall develop and subdivide the property to be able to have it ready for sale and that will form part of Annex of the existing Colinas Verdes Subdivision Project.

On May 08, 2018 the company signed a Deed of Absolute Sell to acquire land from Rodolfo M. Cuenca, located in San Jose del Monte, Bulacan. with a total lot area of Fifty Thousand Ninety Four (50,094) square meter. On October 12, 2017 the company signed a Deed of Absolute Sell to acquire land from Paramount Finance Corporation , located in San Jose del Monte, Bulacan with a total lot area of Ten Thousand (10,000) square meter. On September 19, 2016 the company signed a contract to sell to acquire land from Insular Life Assurance Company LTD., located in San Jose Del Monte, Bulacan with a total lot area of Five Hundred Eighty Thousand One Hundred Fifty Four (580,154) square meters for or less. The contract covers an installment terms without interest and payable until September 16, 2020. On February 21, 2014 the company signed a memorandum of understanding with Marga Capital Holdings, Inc. to acquire land located at Barrio TungkongMangga, City of San Jose Del Monte Bulacan with a total area of Three Hundred Sixty Thousand Square Meters (360,000 sq.m.), The contract covers an installment terms without interest. On December 19, 2012, the company signed another contract to acquire land from BDO Strategic Holdings, Inc. located at San Jose Del Monte, Bulacan with a total lot area of Nine Hundred Twenty Six Thousand Five Hundred Fifty (926,550) square meters. The contract covers a Ten (10) years installment terms with fixed interest rate of 8% per annum. On August 24, 2012 the company entered a contract to sell with Don Manuel Corporation a domestic Corporation owner of parcels of land located at San Jose Del Monte, Bulacan with a total lot area of Four Hundred Ten Thousand Three Hundred Seventy Seven (410,377) square meters. The contract excludes Twenty One Thousand Eight Hundred Thirty Six (21,836) square meters being occupied by the National Transmission Corporation. Thus, the net saleable lot acquired is Three Hundred Eighty Eight Thousand Five Hundred Forty One (388,541) square meters payable via installment terms over a period of three (3) years.

Land Banking Activities- City of Laoag, Ilocos Norte

On November 24, 2019 the company entered into a Purchase Agreement (PO) with Emma F. Almazan, to acquire more or less 11,862 square meters of parcels of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest.

On November 20, 2018, the company signed a contract to sell to acquire land from Hugo Nat D. Juan, located also in Barangay Balacad, City of Laoag, Ilocos Norte with a total lot area of Thirteen Thousand One Hundred Eight Six (13,186) square meters via installment purchase repayable into three (3) equal payments. On November 18, 2016, the company signed a deed of absolute sell to acquire *via-cash purchase land* from Manuel M. Bonoan located also in Barangay Balacad, City of Laoag, Ilocos Norte with a total lot area of Fifty Seven Thousand Two Hundred Eleven (57,211) square meter. On October 8, 2015 the company signed a unilateral Deed of Absolute Sell to acquire on installment of more or less 169,904 square meters of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest payable until April 19, 2019. On June 3, 2014 the company entered into a Memorandum of Agreement (MOA) with Emma F. Almazan, to acquire more or less 116,576 square meters of parcels of land located in Barangay Balacad, City of Laoag, Ilocos Norte, the contract covers an installment terms without interest.

As at end of December 31, 2020 the Company has already consolidated more or less 2,385,151 square meters of parcels of land making to the total land area for expansion of 4,749,233 square meters excluding the potential acquisition of 841,243 square meter which is presently the negotiation is in process.

ITEM 7. FINANCIAL STATEMENTS

The Audited Financial Report, Financial Supplementary and as well as Statement of Management's Responsibility for Financial Statement for the year ended December 31, 2022 has been incorporated hereto under caption "Annex A"

ITEM 8. CHANGES IN *and* DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING *and* FINANCIAL DISCLOSURE.

The Company has no disagreement with the Reyes Tacandong & Co. regarding matters of accounting principle, practice, auditing scope and procedure.

Aggregate fees for the audit services for those fiscal years

Period covered	Amount of fees
Reyes Tacandong & Co.	
Year 2022	₱550,000.00
Sycip Gorres Velayo & Co.	
Year 2021	₱878,080.00
Year 2020	₱878,080.00

Year 2019	₱878,080.00
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PART III–CONTROL *and* COMPENSATION INFORMATION

ITEM 9. DIRECTORS *and* EXECUTIVE OFFICERS

(1) Directors and Executive Officers

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

Name	Age	Position Held	Citizenship
Gregorio Ma. Araneta III	75	Chairman and CEO	Filipino
Crisanto Roy B. Alcid	53	Director – President	Filipino
Cesar C. Zalamea	94	Director	Filipino
Alfonso M. Araneta	39	Director	Filipino
Luis M. Araneta	37	Director-Treasurer	Filipino
Francisco A. Segovia	69	Director	Filipino
Perry L. Pe	62	Independent Director	Filipino
Lazaro DellasllagasMadara	72	Independent Director	Filipino
Alfredo D. Roa III	75	Independent Director	Filipino
Jose O. Eustaquio III	75	Chief Financial Officer	Filipino
Christine P. Base	52	Corporate Secretary	Filipino

Directors

GREGORIO MA. ARANETA III, 75 years old, Filipino, is the Chairman of the Board, CEO and Director of the Company. He is President and Chairman of ARAZA Resources Corporation and Carmel Development Corporation, Chairman of Gregorio Araneta Inc., Gregorio Araneta Management Corporation, and Gamma Holdings Corporation. He is the President and Chairman of Energy Oil and Gas Holdings, Inc., He is the President and Chairman of Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc., He is the Chairman of Philweb Corporation, He is also a director of ISM Telecommunications, Inc. Mr. Araneta studied at the University of San Francisco and Ateneo de Manila University where he earned his Bachelor of Arts Degree in Economics.

CRISANTO ROY B. ALCID, 53 years old, Filipino, is currently the President of Araneta Properties, Inc., He is also the President of Philweb Corporation, He is also the President of Envirotest Inc. and Roycomm Holdings, Inc. He holds directorship in various companies namely: Carmel Development Corporation, Gregorio Araneta, Inc., ARAZA Resources, Inc. HE. Heacock Resource Corporation, Gamma Holdings, Midrac Realty, Inc., and Philippine Coastal Storage & Pipeline Corporation. Formerly, he was connected with Ayala Land, Asiastrust Development Bank and Citibank N.A. Mr. Alcid obtained his degree in Bachelor of Science in Management

Engineering from Ateneo de Manila University and has completed the General Management Program at the Harvard Business School.

CESAR C. ZALAMEA, 94years old, is one of the TOYM Awardees of 1964. He is a former Senior Vice-President and AIG Global Investment Group-Asia President & CEO. Cesar Zalamea retired from AIG after more than 50 years of service.

Mr. Zalamea joined the American International organization in the Philippines as an investment analyst in 1954 and served from 1969-1981 as President of the Philippine American Life Insurance Company (Philamlife), AIG's life insurance in the Philippines. He held posts in the government of the Philippines on two occasions, serving first as Deputy Director General of the Presidential Economic Staff and later as Chairman and CEO of the Development Bank of the Philippines. Mr. Zalamea was elected AIG Vice President, Investments in 1997 and AIG Senior Vice President, Investments in 2002. He has headed the AIG investment units in Asia since 1986, first as Managing Director of AIG Investment Corporation (Asia) Ltd., and subsequently as President & CEO of AIGGIG Asia.

LAZARO DELLAS LIAGAS, 72 years old, Filipino, is one of the Directors of the Company. He is a member of Integrated Bar of the Philippines, a former member of Chamber of Thrift Banks of the Philippines, a former associate of De Santos Balgos Law Offices, a former Corporate Legal officer of Guevent Investment Development Corporation, a former Treasury/Credit and Collection Head of DMG Incorporated, a former Treasurer/Chief Finance Officer of Ultra International Development Corporation, a former Corporate Officer of Trigold Property Ventures, Inc., a former Board of Director of The Professional Group, Inc., a former Finance Manager/Treasurer of Wise, Inc., a former EVP, CFO and Board of Director of Wise Holdings, Inc., and Wise Securities, Inc. and will as Wise Investment, Inc., and a member of 1st Client Advisory Board of Citibank Private Investment Group. New York City, USA.

PERRY L. PE, 62years old, Filipino, is one of the Directors of the Company. He is also a Director of Delphi Group, Inc., Oriental Petroleum & Minerals Corp., and Ace Saatchi & Saatchi Philippines, Inc., He is a Partner in Romulo, Mabanta, Buenaventura, Sayoc & De Los Angeles Law Firm.

FRANCISCO ARANETA SEGOVIA, 69years old, Filipino, graduate from Ateneo de Manila University College - Business Management 1979, He holds directorship in Segovia & Co., Inc., S&A Industrial Corporation, RFM Corporation, He is a Director - Vice Chairman / CEO of FEATI University, He is also a Director / CEO of RPMC Resources Inc., and Swift Foods Inc.

ALFONSO ARANETA, 39years old, Filipino, is currently the Executive Vice-President and Director of Envirotest, Inc., Vice President and Director of Carmel Development, Inc., Vice-President and Director of Gregorio Araneta, Inc. Concurrently, he is a Director of ARAZA Resources Corp., ATSI PETC, Inc. Pagrel, Inc., Gamma Properties, Inc., Securicor Security Investigation Services, Inc., and Alumma Foods, Inc., He is a Director of Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc. Mr. Araneta, graduated at De La Salle-

College of St. Benilde, Manila where he earned his degree in Bachelor of Science in Business Administration.

LUIS M. ARANETA, 37 years old, Filipino, is currently the Business Development Manager of Araneta Properties, Inc. He was elected Director of the Company in 2012. He is a director of Philweb Corporation He is the President of Estancias Holdings, Inc. and Cerros Corp, Vice-President and Treasurer of ARAZA Resources Corporation, Director and Corporate Secretary of Carmel Development, Inc, Director of PAGREL, Inc., He is a Director of Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc. and Corporate Secretary of Gamma Properties, Inc. Mr. Araneta, studied at the Pace University in New York City where he earned his degree in Business Administration in Management.

ALFREDO D. ROA III, 75 years old, Filipino, is one of the Directors of the company. He is presently the President of Inland Corporation and Rural Bank of Alfonso and Chairman of JJB Inland Logistics, Inc.

(2) Key Officers

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

CHRISTINE P. BASE, 52 years old, Filipino, is the Corporate Secretary of Araneta Properties, Inc. and is currently a Corporate and Tax Lawyer at Pacis and Reyes, Attorneys and the Managing Director of Legisforum, Inc. She is a Director and Corporate Secretary of Italphinas Development Corporation, Anchor Land Holdings, Inc. and the Corporate Secretary of SBS Philippines Corporation, Italphinas Development Corporation, SL Agritech Corporation, and Asiasec Equities, Inc. She is also director and 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 Bachelor of Science Degree in Commerce Major in Accounting.

JOSE O. EUSTAQUIO, III, 75 years old, Filipino, is presently the Chief Financial Officer of Araneta Properties, Inc., He is presently the Chief Financial Officer of Altaraza Development Corporation, He was a consultant of Honda Cars Makati and Honda Cars Cebu from 2007 to 2008. In 1987, he was the Financial Control Officer of Ayala Corporation (Control and Analysis Division). He was the Chief Financial Officer of Philweb Corporation. He was the Chief Finance Officer of Ayala Corporation for Ayala Theaters Management, Inc., Ayala Property Management Corporation, and Ayala Alabang Commercial Corporation from 1982 to 1987. He was a staff Auditor of Sycip, Gorres, Velayo & Co. Mr. Eustaquio III is a Certified Public Accountant. He graduated from Philippine School of Business Administration with a Bachelor of Science Degree in Commerce Major in Accounting.

(3) Significant Employees

There were no employees identified for disclosure to which the operational decisions and strategies of the Company are entirely dependent on them.

(4) Family relationship.

Mr. Luis M. Araneta and Mr. Alfonso M. Araneta are the sons of Mr. Gregorio Ma. Araneta III. There are no family relationships within the fourth degree among the rest of the members of the Board of Directors and Senior Officers of the Company.

(5) 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 three (3) years, except for a court case filed by the Bureau of Internal Revenue Examiner against Araneta Properties, Inc. (ARA), officers due to non-compliance and submission of the required document in relation to ARA's BIR examination of books for the 2019 Income Tax Return, the LOA was served in 2019 during pandemics which ARA's offices is closed from April 2019 until August 2021, the Court has already issued resolution acquitting Properties, Inc. (ARA), officers

ITEM 10. MONTHLY EXECUTIVE COMPENSATION

(1) Compensation Table

Compensation of the Chief Executive Officer and Managers of the Company are accrued and paid for the years 2019, 2018 and 2017 detailed below. All other directors of the Company assumed their positions and served the Company without any compensation.

Name and Principal Function	Fiscal Year	Salary	Bonus	Other Compensation
Gregorio Ma. Araneta III * Director and CEO	2020			
	2021			
	2022			
Crisanto Roy Alcid* President	2020			
	2021			
	2022			
Luis M. Araneta* Project Development Officer	2020			
	2021			
	2022			
Jose O. Eustaquio III* Chief Finance Officer	2020			
	2021			
	2022			
TOTAL FOR THE GROUP	2020	10,126,800.00		
	2021	10,126,800.00		
	2022	9,070,800.00		
Other Officers as a group unnamed	2020	5,624,000.00		
	2021	5,624,000.00		
	2022	5,624,000.00		

* Key officers

Employment contracts of all Supervisors and Rank are all hired as long-term employment period until regularization or termination of any cause.

(2) Compensation of Directors and Officers

(a) Standard Arrangements

Compensation of the Chief Executive Officer and Managers of the Company are accrued and paid for the years 2022, 2021 and 2020. All other directors of the Company assumed their positions and served the Company without any compensation.

(b) Other Arrangements

No compensatory arrangements were executed during the last three (3) years of operations other than the compensation arrangements mentioned above.

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

Employment contracts of all supervisors and rank in file employees are standard.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS and MANAGEMENT

(1) Security Ownership of Certain Record and Beneficial Owners

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

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares	Nature of ownership	Percent Held
Common	Carmel Development, Inc. 21/F Citibank Tower Paseo de Roxas, Makati City	Nominee: Gregorio Ma. Araneta III	Filipino	499,999,997	Direct	25.62%
Common	Gamma Properties, Inc., 21/F Citibank Tower Paseo de Roxas, Makati City	Nominee: Gregorio Ma. Araneta III	Filipino	136,000,000	Direct	6.97%
Common	Gregorio Araneta, Inc. 6/F Adamson Center Suite A, 121 LP Leviste St. Makati City	Nominee: Gregorio Ma. Araneta III	Filipino	390,277,500	Direct	20.00%
Common	LBC Express, Inc. General Aviation Center, Domestic Airport Compound, Pasay City, Metro Manila	Nominee: Santiago Araneta	Filipino	194,818,074	Direct	10.00%

Common	Olongapo Mabuhay Express Corp. LBC Compound Aviation Airport Road, Pasay City	Nominee:	Filipino	124,855,422	Direct	6.40%
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(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 of December 31, 2022

Title of class	Name and address of beneficial owner	No. of Shares & Nature of beneficial ownership	Citizenship	Nature of ownership	Percent of class (5)
Common	Gregorio Ma. Araneta 21/F Citibank Tower, Paseo de Roxas, Makati City	120,060	Filipino	<i>R&b</i>	0.01%
Common	Francisco A. Segovia Metro Manila	1,000	Filipino	<i>r&b</i>	0.00%
Common	Perry L. Pe Romulo Mabanta Law Offices 30/F Citibank Tower, Paseo de Roxas Makati City	1	Filipino	<i>r&b</i>	0.00%
Common	Lazaro DellasllagasMadara	1	Filipino	<i>r&b</i>	0.00%
Common	Alfredo D. Roa III 119 Avocado Dr., Ayala Alabang, Muntinlupa City	1	Filipino	<i>r&b</i>	0.00%
Common	Crisanto Roy B. Alcoid 21/F Citibank Tower, Paseo de Roxas, Makati City	1	Filipino	<i>r&b</i>	0.00%
Common	Alfonso Araneta 21/F Citibank Tower, Paseo de Roxas, Makati City	1	Filipino	<i>r&b</i>	0.00%
Common	Luis Araneta 21/F Citibank Tower, Paseo de Roxas, Makati City	1	Filipino	<i>r&b</i>	0.00%
Common	Cesar Zalamea 21/F Citibank Tower, Paseo deRoxas, Makati City	1	Filipino	<i>r&b</i>	0.00%
Total		120,067			0.01%

r – record ownership

b – beneficial ownership

ITEM 12. CERTAIN RELATIONSHIPS and RELATED PARTY TRANSACTIONS

As of 31st December 2022, stockholders Gregorio Araneta Inc., Carmel Development Inc., Gamma Properties, Inc., and LBC Express, Inc. held more than (10%) each of the securities of the Company broken down as follows:

SECURITY	CLASS	AMOUNT	NATURE	PERCENTAGE
Carmel Development, Inc.	Common	499,999,997	Direct	25.62%

Gamma Properties, Inc.	Common	136,000,000	Direct	6.97%
Gregorio Araneta, Inc.	Common	390,277,500	Direct	20.00%
LBC Express, Inc.	Common	195,043,074	Direct	10.00%
Olongapo Mabuhay Express Corp.	Common	124,855,422	Direct	6.40%

Messrs. Gregorio Ma. Araneta III and Francisco A. Segovia are related to the fourth civil degree of consanguinity. Moreover, Mr. Alfonso Araneta as well as Mr. Luis Araneta are children of Mr. Gregorio Ma. Araneta III. There are no other family relationships within the fourth degree among the rest of the members of the Board of Directors and Senior Officers of the Company.

PART IV. CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

The Company has promulgated a Manual on Corporate Governance that took effect in 2002 which was revised on 2022. The Manual continues to guide the activities of the Company and compliance therewith has been consistently observed.

There has been no deviation from the Company's Manual on Corporate Governance.

The Company believes that its Manual on Corporate Governance is in line with the leading practices and principles on good governance, and such, is in full compliance.

The Company will improve its Manual Corporate Governance when appropriate and warranted, in the Board of Directors' best judgment. In addition, it will be improved when a regulatory agency such as the SEC requires the inclusion of a specific provision.

The Board

There is an effective and appropriately constituted Board who received relevant information required to properly accomplish their duties.

The Nomination Committee is mandated to ensure that there is a formal and transparent procedure for the appointment of new Directors of the Board. When appropriate, every director shall receive training, taking into account his individual qualifications and experience. Training is also available on an ongoing basis to meet individual needs.

The term of office of all directors, including independent directors and officers shall be one (1) year and until the successors are duly elected and qualified.

Board Process

Members of the Board shall meet when necessary throughout the year to adopt and review its key strategic and operational matters; approve and review major investments and funding decision; adopt and monitor appropriate internal control; and ensure that the principal risks of the Company are identified and properly managed.

The Board shall work on an agreed agenda as it reviews the key activities of the business.

The Corporate Secretary is responsible to the Board and is available to individual Directors in respect of Board procedures. Atty. Christine P. Base holds the post.

Committees

The Board has established a number of committees with specific mandates to deal with certain aspects of its business. All of the Committees have defined terms of reference.

Audit Committee

The Audit Committee functions under the terms of reference approved by the Board. It meets at least twice a year and its roles include the review of the financial and internal reporting process, the system of internal control and management of risks and the external and internal audit process. The Audit Committee reviews the scope and results of the audit with external auditors and obtains external legal or other independent professional advice where necessary.

Other functions of the Audit Committee include the recommendation of the appointment or re-appointment of external auditors and the review of audit fees.

Nomination Committee

The Committee assesses and recommends to the Board candidates for appointment of executive and non-executive directors positions. The Committee also makes recommendations to the Board on its composition. The Committee meets as required.

Remuneration Committee

The Remuneration Committee is responsible in determining the Company's policy on executive remuneration and in specifying the remuneration and compensation packages on the employment or early termination from office of each of the executive directors of the Company. All decisions of the Remuneration Committee are only recommendatory and they are referred to the Board for final approval. The Remuneration Committee also monitors the compensation packages of other senior executives in the group below the Board level. The Committee meets as required.

Compliance Officer

The Compliance Officer (CO) is responsible for ensuring that the Company's corporate principles are consistently adhered to throughout the organization. The CO acts independently and her role is to supply the top management with the necessary information on whether the organization's decisions comply with professional rules and regulations, internal directives, regulatory authorities, and the statutory law.

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.

PART VI – EXHIBITS *and* SCHEDULES

ITEM 14. EXHIBITS AND SCHEDULES

(a) Reports on SEC Form 17-C

Date of Report	Nature of Item Reported
September 21, 2022	Notice of Annual Stockholders' Meeting
November 10, 2022	Results of ASM and Election of Officers

(b) Exhibits

- 1) Annex A Report on Sustainability
- 1) Annex B General Notes to Financial Statement (pls. see Audited Financial Report)
- 2) Annex Balance Sheet
- 3) Annex Income Statement
- 4) Annex Schedules

Schedule A. - Marketable Securities (current marketable equity securities and other short-term cash investments).

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 Issuer

Schedule G. - Capital Stock

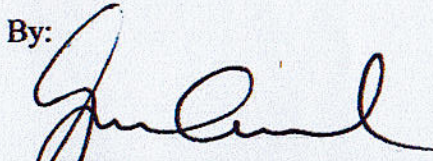
Schedule H. - Security of Ownership/Ownership held by CEO

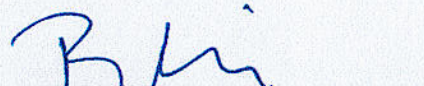
SIGNATURES


Pursuant to the requirements of Securities Regulation of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, the City of Makati on 14 APR 2023.

ARANETA PROPERTIES, INC.
(Issuer)

By:


GREGORIO MA. ARANETA
Chairman of the Board and CEO


CRISANTO ROY B. ALCID
President


JOSE O. EUSTAQUIO III
Chief Finance Officer


CHRISTINE P. BASE
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 14 APR 2023 day of _____, 2023 affiant(s) exhibiting to me their valid identification card:

NAME	I.D. NUMBER	DATE OF ISSUE/PLACE OF ISSUE
Gregorio Ma. Araneta III	Passport No. XX1328189	June 04, 2008/Manila, Philippines
Crisanto Roy B. Alcid	Drivers License N01-88-077406	Expires Oct. 25, 2021 Quezon City
Christine P. Base	Passport No. XX4766696	Oct 15, 2009 Manila, Philippines
Jose O. Eustaquio III	Senior Citizen ID No. 13828	August 22, 2007

known to me and known to be the same persons who executed the foregoing instrument and acknowledge to me that the same are their free and voluntary act and deed.

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Book No. XIII
Series of 2023


ATTY. RENE MA. M. VILLA

Notary Public of Makati City
Appointment No. M-111
Until December 31, 2024

PTR No. MKT 9565544; 01-03-2023;
IBP Lifetime No. 013595; 12-27-2013; I.C.
Roll No. 37226

MCLE Compliance No. VII-0024195; 11-15-2022
Ground Floor, Makati Terraces Condominium
3650 Davila St., Brgy. Tejeros, Makati City 1204

SCHEDULE A

Marketable Securities - (Current Marketable Equity Securities and Other Short-term Cash Investments)

Name of Issuing Entity and association of each issue (1)	Number of shares or Principal amount of bonds and notes	Amount shown in the balance sheet (2)	Value based on market quotation at balance sheet date (3)	Income received and accrued
NONE - NOT APPLICABLE				

SCHEDULE B

Amounts of Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than related Parties)

Name and Designation of debtor (1)	Balance at Beginning of period	Additions	Amount collected/ Liquidated and reclass (2)	Amounts written off And allowance For D/A (3)	Balance at end of the period
Receivable from Trade	334,752,418	63,107,336	69,076,987	-0-	328,782,767
Advances to suppliers, officers & employee	3,240,472	564,766	734,028	-0-	3,071,210
Total	337,992,890	63,672,102	69,811,015	-0-	331,853,9777
Less: noncurrent portion of trade receivable	160,659,537	-0-	-0-	-0-	160,659,537
Current portion	177,333,353	63,672,102	69,811,015	-0-	171,194,440

SCHEDULE C

Amounts RECEIVABLE from Related Parties which are Eliminated during the Consolidation of Financial Statements

In Stock, and Other Investments

Name of Issuing entity and description of investments (1)	Number of shares of Principal amount of bonds AndNotes (2)	Amounts in Pesos	Equity in earnings (losses) of Investees for the period (3)	Distribution of earnings by Investees (5)	Number of shares of principal amount of bonds andnote (6)	Amount in Pesos (7)	Dividends received from Investments not accounted for by the equity method
Tagaytay Midland	1	1,000,000	n/a	n/a	n/a	n/a	n/a
Subic Yacht Club, Inc	1	1,500,000	n/a	n/a	n/a	n/a	n/a
AlphalandBalesin Island	1	1,000,000	n/a	n/a	n/a	n/a	n/a
Colinas Verdes Country Club	1	700,000	n/a	n/a	n/a	n/a	n/a
Total		4,200,000					
Comprehensive income (FVOCI)		(200,000)					
Net		4,000,000					

SCHEDULE D

Long-term Debt

Description (1)	Beginning Balance	Additions At costs Reclassification (2)	Charged to Cost and Expenses (provision for D/A) or Writ off	Others Additions (Deduction/Sold) Input tax applies to Recoverable Tax (VAT) and statutory Income tax	Balance at End of Period
Investment property	674,056,173	-0-	-0-	-0-	674,056,173
Prepaid Rentals & Others	61,425	48,575	(110,000)	-0-	-0-
Prepaid Taxes	3,673,270	3,476,993	(4,202,369)	-0-	2,947,894
Input Vat	64,424,473	1,665,237	-0-	(5,670,997)	60,418,713
Total	742,215,341	5,190,805	(4,312,369)	(5,670,997)	737,422,780

SCHEDULE E

Indebtedness to Related Parties

Title of Issue and Type of Obligation (1)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet (2)	Amount shown under caption "Long-term debt" in related balance sheet (3)
Liability for purchased of land	115,305,608	115,305,608	-0-

SCHEDULE F

Guarantees of Securities of other Issuer

Name of Related	Balance at beginning of period	Balance at end of period
None	n/a	n/a

SCHEDULE G

Capital Stock

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each of securities guaranteed	Total amount guaranteed and outstanding (2)	Amount owned by person for which statement is filed	Nature of guarantee (3)
None	n/a	n/a	n/a	n/a

SCHEDULE H (1)

Capital Stock

Title of Issue	Common
Number of 7share authorized	5,000,000,000
Number of shares issued and outstanding	1,951,387,570
Number of shares reserved for options, warrants, conversion & etc.	None
Number of shares held by related parties	1,345,950,993
Shares held by Directors, officers & employees	121,067
Others	605,315,510

SCHEDULE H (2)

Capital Stock track record

Date of registration (SEC approval)	Description	Number of shares (in 000's)	Par value Per share	Amount of share (in 000's)
1988	Capital upon registration Class A Class B	30,000,000 20,000,000	P0.01 0.01	P300,000 200,000
1992	Change of par value from P0.01 to P1.00 Class A Class B	150,000 100,000	P1.00 1.00	P150,000 100,000
1994	Change of par value from P1.00 to P0.30 Class A Class B	150,000 100,000	P0.30 0.30	P45,000 30,000
1995	Increased in authorized Capital stock and removal of classification of shares of stock	1,000,000	P0.30	P300,000
1996	Increased in authorized Capital stock and change of par value from P0.30 to P1.00	5,000,000	P1.00	P5,000,000

As of December 31, 2022 and 2021, there were no movements in the Company's registered securities. There are 2,142 shareholders who hold 1,951,387,570 shares as of December 31, 2022

SCHEDULE H (1)

Security ownership of certain beneficial owners and managements

Name of Company	Class	Number of shares	Nature	Percentage
Carmel Development, Inc. (of which 99% held by Gregorio Ma. Araneta III)	Common	499,999,997	Direct	25.62%
Gregorio Araneta, Inc. (of which 18% held by Gregorio Ma. Araneta III)	Common	390,277,500	Direct	20.00%
Gamma Properties, Inc. (of which 50% held by Gregorio Ma. Araneta III)	Common	136,000,000	Direct	6.97%
Olongapo Mabuhay Express Corp. (of which 80% held by Ma. Joy A. Cruz)	Common	124,855,422	Direct	6.40%

SCHEDULE H(2)

Ownership held by CEO and four (4) highly compensated executive officers

Name of Executive	Position	Total ownership held	Compensation
Gregorio Ma. Araneta III	Chairman / CEO and Director	53% of outstanding shares	n/a
Crisanto Roy B. Alcoid	President and Director	1 share	n/a
Luis M. Araneta	Director & Project Dev' Officer	1 share	n/a
RobertinaFuerte	Management Officer	None	n/a

SCHEDULE K (1)

Supplemental Statement of Financial Report

Property, Plant and Equipment

Classifications	Beginning Balance	Additions	Retired or Reclass	Balance
Office condominium unit	46,047,004	-0-	-0-	46,047,004
Building and Improvements	12,143,398	-0-	-0-	12,143,398
Machinery and Equipment	-0-	-0-	-0-	-0-
Transportation & Hauling Equipt	5,964,870	-0-	-0-	5,964,870
Furniture, Fixtures & Other Equipt	6,755,490	8,839	-0-	6,764,330
Total (at cost)	70,910,762	8,839	-0-	70,919,601

SCHEDULE K (2)

Supplemental Statement of Financial Report

Accumulated Depreciation - Property, Plant and Equipment

Classifications	Beginning Balance	Additions	Retired or Reclass	Balance
Office condominium unit	44,175,892	1,841,880	-0-	44,175,892
Building and Improvements	12,143,398	-0-	-0-	12,143,398
Machinery and Equipment	-0-	-0-	-0-	-0-
Transportation & Hauling Equipt	4,497,779	526,560	-0-	5,024,339
Furniture, Fixtures & Other Equipt	6,459,145	126,083	-0-	6,583,228
Total (at cost)	67,276,214	2,492,524	-0-	69,768,738

PART VII- ARANETA PROPERTIES INC. (ARA)

SUSTAINABILITY REPORT ANNEX 2022

Contextual Information

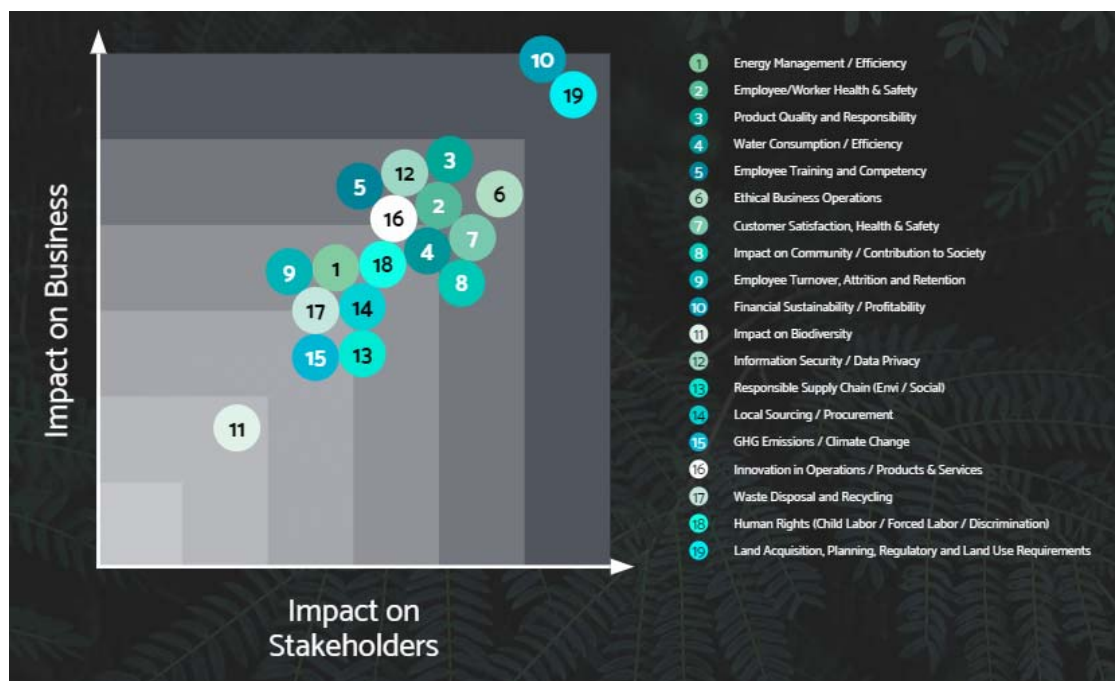
Name of Corporation	ARANETA PROPERTIES INC. (ARA)
Location of Headquarters	21 st Floor BDO Towers Valero Condo Corp.,corner Villar & Valero Streets, Makati City
Location of Operations	Araneta Properties Inc. Corporate Office (Head Office) 21 st Floor BDO Towers Valero Condo Corp.corner Villar & Valero Streets, Makati City Colinas Verdes Subdivision and Country Club (Colinas Verdes) San Jose Del Monte, Bulacan City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	This Annex reports on the operations of the Head Office and Colinas Verdes .
Business Model , including Primary Activities, Brands, Products, and Services	<p>ARA is primarily engaged as a real estate business with its main objective to acquire, develop, and sell properties for a much higher margin. The Company models its owned lands into commercial, residential, and mixed-use developments similar to the Ayala Business District of Makati, the Trinoma of Quezon City, the Filinvest City of Ayala Alabang, or the Nuvali of Sta. Rosa City. This is in line with its goal of making San Jose Del Monte, Bulacan as the Queen City of the North.</p> <p>ARA owns 2,364,082 square meters (sqm) an idle cogonal land converted into residential/subdivision now named Colinas Verdes Subdivision and Country Club (Colinas Verdes).</p> <p>Colinas Verdes is being developed through a joint venture partnership with Sta. Lucia Realty and Development, Inc. (SLRDI).The Joint Venture Agreement between ARA and SLRDI allows the Company, as the owner of the land, to be entitled to forty percent (40%) of the net proceeds; while SLRDI is entitled to sixty percent (60%) on cash or lot override. As the implement or of the master-plan, SLRDI has to carry all the required development such as road preparation, drainage system, pavement of roads, curbs, gutters, sidewalks, water systems, deep well or water tank, electrical system, perimeters or security walls, landscaping, and development of parkways or open spaces at their own cost.</p> <p>The Company continues to venture its land banking activities to other parts of the country, particularly in Luzon.ARA has already acquired from various suppliers 2,385,151sqm raw land in San Jose Del Monte, Bulacan, and 356,877sqm raw land in the Ilocos Region for future development. In Manticao, Misamis Oriental, it has owned 173,479sqm residential land complemented with foreshore (beach area) with 13,796sqm.</p> <p>Information on the operating and financial highlights of ARA can be accessed through its website at https://www.aranetaproperties.com/</p>
Reporting period	January 1 to December 31, 2022
Highest ranking person responsible for this report	Gregorio Ma. Araneta III CEO and Chairman of the Board

Materiality Process

Accustomed to the timely reporting on its financial standing, ARA is extending the reporting practice of its sustainability performance, enveloping the economic, environmental, and social aspects of the Company. In its third-year report, the Company deems necessary to fully understand the context of Sustainability and its importance in recognizing material areas.

Reference material is provided in which ARA can study the sustainability context, sustainability reporting practice and framework, and principle of materiality, including the identification of material topics. With this material, the Company is knowledgeable in determining what issues matter to its business operations and to its stakeholders that include employees, investors, suppliers, contractors, and the government.

This leads to the Materiality Assessment that is participated by a team of professionals who have notable experiences on the overall operations of the Company. Following the Materiality Principle of the Global Reporting Initiative (GRI), the Management is guided in identifying, assessing, and prioritizing material topics for ARA through an online survey tool. The results of the assessment are shown below:



These topics are perceived by their criticality to impact the business and the stakeholders. Those with high and medium criticality are elaborated in this report while those perceived with low criticality are deemed either as low importance to disclose or not applicable to ARA’s nature of business.

Each material topic answers to a standard/s set by the GRI that helps monitor ARA’s performance towards a more sustainable business (see Table A). Additionally, ARA recognizes its operations to have significant contributions to some of the Sustainable Development Goals (SDGs) of the United Nations (UN).

Table A. Alignment of Material Topics to GRI Standards and UN SDGs

Criticality	Material Topic	Relevant GRI Standard	Contribution to SDGs
High	Financial Sustainability / Profitability	GRI 201: Economic Performance	SDG 1: No Poverty SDG 8: Decent Work and Economic Growth
High	Land Acquisition, Planning, Regulatory, and Land Use Requirements	GRI 304: Biodiversity GRI 307: Environmental Compliance GRI 413: Local Communities GRI 419: Socioeconomic Compliance	SDG 11: Sustainable Cities and Communities SDG 16: Peace, Justice and Strong Institutions
High	Product Quality and Responsibility	GRI 102-2: Activities, brands, products, and services GRI 307: Environmental Compliance GRI 419: Socioeconomic Compliance	SDG 12: Responsible Consumption and Production SDG 16: Peace, Justice and Strong Institutions
High	Ethical Business Operations	GRI 205: Anti-corruption	SDG 16: Peace, Justice and Strong Institutions
High	Information Security / Data Privacy	GRI 418: Customer Privacy	SDG 16: Peace, Justice and Strong Institutions
High	Employee / Worker Health & Safety	GRI 403: Occupational Health and Safety	SDG 3: Good Health and Well-being SDG 8: Decent Work and Economic Growth
High	Customer Satisfaction, Health & Safety	GRI 416: Customer Health and Safety	SDG 3: Good Health and Well-being
Medium	Innovation in Operations / Products & Services	GRI 102-2: Activities, brands, products, and services	SDG 9: Industry, Innovation, and Infrastructure
Medium	Water Consumption / Efficiency	GRI 303: Water and Effluents GRI 306: Effluents and Waste	SDG 6: Clean Water and Sanitation
Medium	Employee Training and Competency	GRI 404: Trainings	SDG 4: Quality Education SDG 8: Decent Work and Economic Growth

Medium	Impact on Community / Contribution to Society	GRI 203: Indirect Economic Impacts GRI 413: Local Communities	SDG 10: Reduced Inequalities
Medium	Human Rights (Child Labor / Forced Labor / Discrimination)	GRI 408: Child Labor GRI 409: Forced or Compulsory Labor GRI 411: Rights of Indigenous Peoples GRI 412: Human Rights Assessment	SDG 8: Decent Work and Economic Growth SDG 10: Reduced Inequalities
Medium	Energy Management/ Efficiency	GRI 302: Energy	SDG 7: Affordable and Clean Energy
Medium	Local Sourcing / Procurement	GRI 102-9: Supply chain GRI 204: Procurement Practice	SDG 12: Responsible Consumption and Production
Medium	Waste Disposal and Recycling	GRI 306: Effluents and Waste	SDG 11: Sustainable Cities and Communities SDG 12: Responsible Consumption and Production
Medium	Employee Turnover, Attrition and Retention	GRI 401: Employment GRI 402: Labor/Management Relations	SDG 1: No Poverty SDG 8: Decent Work and Economic Growth
Medium	Responsible Supply Chain (Envi / Social)	GRI 102-9: Supply chain GRI 204: Procurement Practices GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment	SDG 9: Industry, Innovation, and Infrastructure SDG 12: Responsible Consumption and Production
Medium	GHG Emissions / Climate Change	GRI 305: Emissions	SDG 13: Climate Action
Low	Impact on Biodiversity	GRI 304: Biodiversity	SDG 15: Life on Land

1 see [GRA 102-46](#) for more guidance

ECONOMIC

Economic Performance **Direct Economic Value Generated and Distributed**

Disclosure	Amount (2022)	Amount (2021)	Units
Direct economic value generated (revenue)	47.523	49.983	M Php
Direct economic value distributed:			
a. Employee wages and benefits	21.181	18.652	M Php
b. Security Services	6.929	7.253	M Php
c. Payments to suppliers, other operating cost	12.931	10.349	M Php
d. Dividends given to stockholders	-0-	-0-	M Php
e. Interest payments to loan providers	-0-	-0-	M Php
f. Taxes paid to local and national government	4.202	13.338	M Php
g. Investments to community (e.g. donation, CSR)	-0-	-0-	M Php

Impact and Management Approach

ARA has been maintaining its financial performance, having not gone through bankruptcy, receivership, or similar proceeding. Majority of the generated revenue derives from our external customers. While it gains revenue from real estate and land banking activities, we were able to distribute our earnings to stakeholders that include our employees, security personnel, suppliers, government, and loan providers. About 9.78% of our earnings go to the government, 49.28% as wages and benefits (including retirement benefits) to our employees, 5.91% to loan providers, and 35.03% are paid to suppliers, contractors, and other vendors.

All our employees enjoy a competitive compensation and benefit package that respects their well-being, including the needs of their families. Training is also provided to enhance their competencies in their individual fields to fostering more productive and efficient workplace in ARA. Employee benefits and training are thoroughly discussed in the Social section of this report.

The Company has encountered a net loss before income tax of (P2.797) million and (P19.806) million in 2022 and 2021 respectively, it was due to the effect of community quarantine with various restriction which started March 16, 2020 until August 15, 2021 in compliance with the National Government direction for rationalize and or mitigate the spread of the pandemics. The Company will continue to monitor the situation, and should the Community Quarantine be further prolonged, or the CoVid vaccine will yet be available to all, the BOD may at any time form a Crisis Management Team/Committee that will focus on the impact to the Company's revenue and operations, or formulate assessment tools to measure and/or benchmark costs and expenses or anticipate scenario beyond "COVID-19", upon assumption of work and "Normal" operation.

This challenged ARA to thrive in its real estate business. The Company has partnered with reputable real estate companies to develop its owned lands. Colinas Verdes, a joint venture project with SLRDI, was expanded and is at 99% completion during the reporting year and will expect a boost in revenues as it reaches 100% occupancy of all the upper-middle and high-end residential units

The Company has maintained its Smelting Plant Property that consists approximately 17.3 hectares of industrial/residential land. In January 1996, the smelting operation was stopped due to the depressed market for ferrochrome and increased production costs. This led to the decision of changing the business nature into land and property development, however maintaining smelting operations as secondary purpose.

Risks and Management Approach

All risks of the real estate market such as price volatility of materials, natural catastrophes, downward movements in the Philippine economy, among others, also impact the Company's financial standing. The occurrence of any of these risks may force ARA to pay amounts for any damage or increased costs for any materials, utilities, and such.

ARA, through the Board, ensures that sound risk controls are implemented. Although it is currently developing its enterprise risk management (ERM), any risks are minimized through the Company policies which intend to identify opportunities that achieve the Company's objectives.

Opportunities and Management Approach

The Company is committed in improving its business and strategies that ensure profitability and financial sustainability. ARA focused on managing and developing a new high margin inventory, increasing efficiency on land banking, and enhancing perspective for more marketing strategies that increase economic value to the business. In this regard, ARA would be able to boost its growth and performance while developing and attaining the needs of its employees, clients, and other stakeholders in hopes of achieving the best township developments in the country.

Climate-related risks and opportunities

The Board oversees that the Company has internal controls, including a sound enterprise risk management (ERM) framework, in place to effectively identify, monitor, assess, and manage key business risks. In line with this, the Company is continuously monitoring and enhancing its risk management systems and is currently developing a formal enterprise-wide integrated risk management framework for a more comprehensive and coordinated risk response strategy. ARA believes that climate-related risks and events caused by the 2-degree Celsius increase in the global temperature may significantly affect its business and its stakeholders. This is yet to consider by the Company as part of its ERM system.

Procurement Practices

Proportion spending of local and imported suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers ¹	100	%

1-Suppliers of goods and services that are readily available to market locally that does not need to go through with importation process

Impacts, Risks, Opportunities and Management Approach

In 2022, all supplies, fixtures, and equipment in the Head Office are sourced locally. As part of its procurement practice, ARA checks on the availability, quality, and price of the requirements from local suppliers. This allows us to have faster transactions and timely delivery of requirements. No risks and opportunities are identified in relation to this topic.

Anti-corruption

Training and Communication on Anti-corruption Policies and Procedures

Disclosure	Quantity (2022)	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 & management that have received anti-corruption training	100	%
Percentage of employees that have been received anti-corruption training	0	%

Incidents of Corruption

Disclosure	Quantity (2022)	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	%

Impacts, Risks, Opportunities and Management Approach

It is the duty of the Board to adopt an anti-corruption policy and program in the Company's Code of Conduct. Hence, these policies, programs, and practices on anti-corruption and violations to such are effectively communicated to all employees, business partners, and directors and management of ARA. The Revised Manual of Corporate Governance is made available in our company website that can be accessed at <https://www.aranetaproperties.com/investors.html>.

Board and Management members participate in annual training on corporate governance held on November __, 2022. The said training also discusses anti-corruption along with other governance discussions.

Violation of anti-corruption policies is treated as unacceptable acts in the Company. Persons and/or other parties who committed such will be addressed in accordance with ARA's Employee Manual.

There are no reported incidents of corruption since the Company started its operation in 1996. Because of this, ARA continues to strictly implement anti-corruption policies and procedures and communicate them to all its stakeholders.

ENVIRONMENT

Resource Management

Energy consumption within the organization

Disclosure	Quantity (2022)	Units
Energy consumption (electricity)	24,316.32	kWh
Energy consumption (gasoline) ¹	2,104.58	L
Energy consumption (diesel) ¹	3,245.12	L
Energy consumption (LPG)	N/A	GJ
Energy consumption (renewable sources of electricity)	N/A	kWh

1-Diesel and gasoline are the cumulative consumption of the service vehicles owned by ARA.

Reduction of energy consumption

Disclosure	Quantity (2022)	Units
Energy consumption (electricity)	-0-	kWh
Energy consumption (gasoline)	-0-	GJ
Energy consumption (diesel)	-0-	GJ
Energy consumption (LPG)	66	GJ

Impacts, Risks, and Management Approach

Energy has provided the Company smooth flow of transactions and activities throughout 2022. Diesel and gasoline enabled us to travel to and from project sites and other significant locations of the business. Electricity allowed uninterrupted operations in the Head Office and maximized the use of all equipment such as computers, air conditioning units, and light fixtures.

The Company implemented energy reduction initiatives starting in the Head Office. For instance, switching to energy-saving or LED lights, switching off of office lights during break-time, fifteen (15) minutes automatic screen saver mode for all computer units when idle, and migration to inverter type of electronic office fixtures, such as air-conditioning units and refrigerator. These initiatives would help us save consumption, thus lessens the cost of electricity.

Risks, Opportunities, and Management Approach

Interruption in the supply of power may decrease the productivity of the Company. During the reporting year, there was a minimal occurrence of power interruptions that caused significant downtimes in our operations. ARA also recognizes that any factors that would influence the price change of electricity and fuel may have apparent impacts on the operating costs of the Company.

Since the Company is end-user of electricity, the Company shoulders the burden of cost change, cost savings is already in place. In case of power interruptions, ARA has installed transformers that assist the computer to operate for, at least, an hour to process data and to allow ample time for shutdown. We also consider shifting to using low consumption rate appliances & electronic devices.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	N/A	Cubic meters
Water consumption	6.35 ¹	Cubic meters
Water recycled and reused	N/A	Cubic meters

1-Figure reflects the average consumption of drinking water in 2021. Data collection on consumption for domestic uses in the Head Office is not conclusive for the reason that the Head Office operation started only in June 15, 2021 with 50% of its employees reporting for work in compliance with Covid health protocol and as such may not be accurate to determine normal consumption during the year.

Impacts, Risks, Opportunities and Management Approach

Water is a necessity in offices. We understand that for every liter of water that we consume, we could potentially deprive communities or agriculture the water they need. Our water needs are supplied by a third-party water service provider, Manila Water Company. The contribution of the Company to rationalize water consumption is limited as the Head Office operations are dependent on the provisions of the Condominium Association.

Water withdrawal and consumption in Colinas Verdes are monitored by SLRDI, hence ARA has no pertinent information on said topic.

Due to the location of the Head Office, ARA has no significant opportunities related to this topic. For future developments, we will be in constant coordination with our partners to deliver better designs and construction systems by using renewable materials, and by increasing efficiency through more economical and environmental-friendly activities.

Ecosystems and Biodiversity

There are no impacts and risks identified in our operation since our projects are not within or adjacent to biodiversity, ecosystems, or high-risk areas. Land acquisition studies are conducted before the implementation of any master-plans. Before the commencement of the Colinas Verdes project, ARA administered a high and rigid level of defining, identifying, and mitigating possible landslide-prone areas through a land integrity survey.

Environmental Impact Management

GHG

Disclosure	Quantity (2022)	Units
Direct GHG Emissions (Scope 1) ¹	12.44	TonnesCO ₂ e
Indirect GHG Emission (Scope 2)	14.67	TonnesCO ₂ e

1-Emissions for Scope 1 are based on the diesel and gasoline consumption of service vehicles owned by ARA.

Air Pollutants

Disclosure	Quantity (2022)	Units
Nitrous Oxides (NOx)	N/A	TonnesCO ₂ e
Sulphur Oxides (SOx)	N/A	TonnesCO ₂ e
Persistent Organic Pollutants (POPs)	N/A	TonnesCO ₂ e
Volatile Organic Compounds (VOCs)	N/A	TonnesCO ₂ e
Hazardous Air Pollutants (HAP)	N/A	TonnesCO ₂ e
Particulate Matter (PM)	N/A	TonnesCO ₂ e

Impacts, Risks, Opportunities, and Management Approach

ARA is cognizant of the fact that emissions are the primary contributor to global warming which causes climate change. Our emissions are attributable to diesel and gasoline consumption of our company vehicles, and to the electricity consumption of our Head Office. All initiatives and practices to lessen our emissions are discussed under the Energy disclosures.

In 2021, we see the opportunity to improve our monitoring of emissions and air pollutants that will serve as our baseline information to lessen our emissions in future developments.

Solid and Hazardous Wastes

Solid waste

Disclosure	Quantity (2022)	Units
Total solid waste generated	No formal data in 2022.	kg
Reusable		kg
Recyclable		kg
Composted		kg
Incinerated		kg
Residuals /landfill		kg

Hazardous waste

Disclosure	Quantity (2022)	Units
Total hazardous waste generated	No formal data in 2022.	kg
Total hazardous waste transported		kg

Impacts, Risks and Management Approach

The Joint Venture Agreement granted SRLDI full responsibility as the property developer of Colinas Verdes. All development and construction activities, including waste management, are implemented by SLRDI. However, data and related information on the hauling, disposal, and collection of wastes generated are not fully monitored during the reporting year. ARA will optimize possible interventions to explore other options and find variables to collect data for disclosure in the next reporting year.

For this year, this topic discloses solid and hazardous wastes collected from our Head Office. All generated wastes are disposed of through a collection funnel flow that directs to the garbage deck located in the ground level area of the building. The operation and maintenance of said facility are managed and controlled by the Citibank Tower Administration.

Improper management of wastes may indirectly affect the environment, causing health problems to employees of the Head Office, and nearby communities and residents of Colinas Verdes. Hence, our project plans include waste management practices and our employees in the Head Office observe proper segregation and disposal of wastes as well to prevent the proliferation of health and environmental risks.

Opportunities and Management Approach

In improving our waste management practices, ARA is looking for more responsible ways to rationalize and recycle scratch papers and other possible recyclable supplies. We will continue to practice the proper segregation of biodegradable and non-biodegradable wastes.

Effluents

Data and related information for this topic are unavailable as of the reporting year. Hence, we are studying approaches to measure effluents in our project sites to further improve disclosures on this topic.

Environmental compliance

Non-Compliance with Environmental Law and Regulations

Disclosure	Quantity (2022)	Units
Total amount of monetary fines for non-compliance with environmental laws and /or regulations	0	Php

Number of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
Number of cases resolved through dispute resolution mechanism	0	#

Impacts, Risks and Management Approach

Engaged as a real estate business, ARA, through SLRDI, is required to obtain approval of the following documents to ensure sustainable and environment-friendly business activities:

- Environmental Compliance Certificate (ECC) as required by the DENR;
- Land Use License as required by the Housing and Land Use Regulatory Board (HLURB); and
- Zoning and Location Mapping Survey as required by the Local Government Office.

Failure to obtain clearance from said government requirements may impede the development of the projects, hence causing additional costs and delayed delivery and turnover of projects to our clients. Issues on non-compliance are prevented through regular monitoring and total ECC awareness on the part of the Developer to ensure full compliance with the regulatory requirements.

Opportunities and Management Approach

ARA continues to adhere to all environmental laws and regulations. Regular monitoring of compliance of SLRDI is strictly conducted to assure an uninterrupted and legal flow of operations.

SOCIAL

Employee Management **Employee Hiring and Benefits**

Employee data

Disclosure	Quantity (2022)	Units
Total number of employees	28 ¹	#
a. Number of female employees	10 ¹	#
b. Number of male employees	18 ¹	#
Attrition rate	0	Rate
Ratio of lowest paid employee against minimum wage	0 ²	Ratio

1-Figures reflect the headcount of employees in the Head Office and project site.

2-All employees are above minimum wage.

Employees benefits

List of Benefits	Y/N	% of male employees who availed for the year	% of female employees who availed for the year
SSS	Y	4	8
PhilHealth	Y	3	11
Pag-IBIG	Y	6	10
Parental Leaves	Y	0	0
Vacation Leaves ¹	Y	100%	100%
Sick Leaves ¹	Y	100%	100%

Medical benefits (aside from PhilHealth) ²	Y	P84,414	P199,299
Housing assistance (aside from Pag-IBIG Fund)	Y	none	none
Retirement fund (aside from SSS)	Y	none	none
Further Education support	Y	none	None
Company Stock Option Plan	N	N/A	N/A
Telecom allowance	Y	40%	40%
Transportation Allowance	Y	7	9
Flexible - working hours	Y	100%	100%
Rice Subsidy	N	N/A	N/A

1-Vacation Leaves are scheduled during the year while sick leaves are availed when it occurs. If 50% of sick leave credits are unused, they are monetized and converted to cash at year-end.

2-100% of employees are covered with at least PhP40,000.00 per year for entry-level. The number of employees who availed the in-house funded HMO benefits will be accounted for moving forward which will be disclosed in the next reporting year total cost of medical and dental related expenses for the year is P271,065.56.

Diversity and Equal Opportunity

Disclosure	Quantity (2022)	Units
% of female workers in the workforce	10	%
% of male workers in the workforce	20	%
Number of employees from indigenous communities	0	#
Number of employees above 50 years of age (Vulnerable sector)	8	#

Impacts, Risks, Opportunities, and Management Approach

ARA employs human resource policies that provide remuneration that is competitive and fair and encourages a competency-based recruitment process. In 2021, the Company boasts no turnovers as a result of full compliance of wages order, payments of overtime pay, service incentive leave, and health care programs.

The Management has a non-hand policy and standard rate in hiring new employees. Ordinary employees are given above minimum daily wages set by the Tripartite Wages and Productivity Wages Board, while professionals are based on the industry prevailing rates. However, there may be issues of job mismatch that may fail to fulfil the duties and responsibilities required by the Company. In case of this issue, the Company has a Grievance Committee to address this in accordance with human resource policies.

The Management plans to provide facilities that would cater to the needs of employees deemed as under the vulnerable group. Review of human resource policies, including conflict of interest situations, compensation programs, and management succession plans is regularly conducted by the Board as part of its internal control responsibilities. This is a continuous commitment to improving policies at hand that would help retain talents in the Company.

Employee Training and Development

Disclosure	Quantity (2022)	Units
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Total training hours provided to employees	Due to limited access, training hours will be disclosed in the next reporting year.	
a. Female employees		Hours
b. Male employees		Hours
Average training hours provided to employees		
a. Female employees		Hours/employee
b. Male employees		Hours/employee

Impacts and Management Approach

Continuous learning and development of our employees provide them the competencies to hone and perform better in their individual fields and become more productive. This contributes to the further realization of the Company's growth plans as benefited from employees' enhanced knowledge of their respective areas. Employees are obliged to participate in mandatory continuing legal education (MCLE), in continuing professional education (CPE) or other seminars such as taxation.

The level of training hours is strategically decided based on employees' positions. For top management, training hours are determined by the Board; for supervisors and rank & file employees, the managers determine the training hours.

Risks and Management Approach

Employees may have stagnant working status and development due to the insufficient provision of skills training. Thus, it is treated as a risk to the Company as this may hinder the implementation of growth plans. Hence, ARA, through its HR, constantly conducts monitoring of its employees' development.

Opportunities and Management Approach

ARA ensures to be in-the-know of all recent developments in the real estate industry, internal and administrative processes, and other operations the Company conducts. We have, at hand, a comprehensive policy on learning and education that is subject to updates depending on the present trends.

Labor-Management Relations

Disclosure	Quantity (2022)	Units
% of employees covered with Collective Bargaining Agreements (CBA)	N/A	%
Number of consultations conducted with employees concerning employee-related policies	0	#

Impacts, Risks and Management Approach

During the reporting year, employees were not subjected to CBA and no labor union was formed in our Company. We maintain a healthy workplace where the relationship of employees and management are harmonious, and concerns are heard of. In case of conflicts, the Grievance Committee handles them in accordance with the employee manual.

Upon hiring of new employees, Employee Manual and related Corporate Discipline are provided. Prior to the implementation of new employee policies, we conduct consultations with employees through the dissemination of surveys that ask how will the policy/ies affect them.

Opportunities and Management Approach

The Company's whistleblowing policy is still currently formulated. This policy aims to establish avenues for employees to freely raise their concerns on illegal or unethical activities without the fear of punishment and to allow them direct access to an independent member of the Board delegated to handle such concerns.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity (2022)	Units
Safe Man-Hours	No data available	Man-hours
Number of work-related injuries	0	#
Number of work-related fatalities	0	#
Number of work-related ill-health	0	#
Number of safety drills ¹	4	#

¹-This disclosure only includes information in the Head Office.

Impacts, Risks, and Management Approach

The health and safety of our employees is a priority of ARA. We believe creating a symbiotic environment where the health, safety, and welfare of employees are considered is significant to realize the Company's goals.

Hence, the Company protects its employees' health and safety through participation in safety drills. Additionally, all employees are entitled to insurances from SSS, PhilHealth, in-house health coverage, and retirement benefits to relieve employees of a portion of expenses for any occurrence of health-related issues.

Opportunities and Management Approach

We will establish a data management system to effectively collect data on OHS for all our projects. We aim to report better disclosures in the succeeding period.

Labor Laws and Human Rights

Disclosure	Quantity (2022)	Units
Number of legal actions or employee grievances involving forced or child labor	0	#

Disclosure	Y/N	If yes, cite reference in the Company Policy
Forced labor	Y	Employee Manual
Child labor	Y	Employee Manual
Human Rights	Y	Employee Manual

Impacts, Risks, and Management Approach

The Company complies with the highest labor standards that disallow any violations of labor laws and human rights (e.g. harassment and bullying) in the workplace. Child labor, forced labor, and violation of human rights in the workplace may directly manifest in our employees' productivity and well-being.

It is the Board's responsibility to establish policies, programs, and procedures that encourage employees to actively participate in the realization of the Company's goals and in its governance. Hence, all employees are provided with individual copies of the Employee Manual as their reference on ARA's policies and procedures and as a guide on how to conduct themselves of the Company's culture and ethics.

Opportunities and Management Approach

ARA regularly reviews its policies and procedures, including those that pertain to labor laws and human rights, through quarterly or special Board meetings as part of its facilitation of effective performance management. This is to align all efforts and strategies to ARA's overall direction.

Supply Chain Management

As the landowner, ARA is responsible for the monitoring of the performance of the joint venture project. Hence, the accreditation of suppliers is not material to the Company.

This allows ARA the opportunity to formalize supplier accreditation policy, including environmental and social criteria, to extend its accountability of assuring the individual responsibilities of parties on those aspects while ensuring a high-quality work standard in all its projects.

Relationship with Community

Significant Impacts on Local Communities

Operations with Significant impacts on local communities:

Colinas Verdes Subdivision and Country Club

Aside from being a residential community, Colinas Verdes offers amenities that provide leisure to residents. Amenities are discussed under the "Customer Satisfaction" topic of this report.

Location: Colinas Verdes is located at San Jose Del Monte, Bulacan (SJDMB), a southern portion of Central Luzon

Vulnerable groups: Everyone including vulnerable groups are served.

Impact on Indigenous peoples: No negative impacts on indigenous groups as there are no identified IPs during land acquisition study.

Community rights and concerns of communities: It allows the residents to exercise their rights to own property, to rest and leisure, and to a standard of living adequate for the health and well-being of an individual, including food, clothing, housing and medical care and necessary social services.

Mitigating Measures: Operations have no significant negative impact hence it requires no mitigating measures.

Free and Prior Informed Consent (FPIC) is not material to ARA as there are no operations that are within or adjacent to ancestral domains of indigenous peoples.

Impacts, Risks, Opportunities, and Management Approach

Prior to the implementation of the Colinas Verdes project, there were no identified negative impacts on any vulnerable groups – no refugees affected, and no person/s were displaced – since the project is built on idle and cogonal land.

ARA sees its land banking business as an investment that creates positive benefits to communities in San Jose Del Monte and may extend to nearby communities such as Caloocan City. Began with Colinas Verdes, this provided more infrastructure and employment opportunities that effectively increases the zonal value of the land and market value of the property.

The Company has yet to formalize procedure and approach in accounting community impact disclosures for the year 2022 which will be disclosed in the next reporting year.

Customer Management
Customer Satisfaction

Disclosure	Score	Did a third-party conduct the customer satisfaction ratings (Y/N)?
Customers satisfaction survey	No surveys were done in 2022	N/A

Impacts, Risks, Opportunities, and Management Approach

Colinas Verdes is built wherein residents get to enjoy a pristine life. It offers amenities that allow the residents to balance work or study with leisure activities. The Country Club includes the following facilities:

- Swimming Pool & Wading Pool
- Tennis Court
- Badminton Court
- Basketball Court
- Bowling Lanes
- Jogging Paths
- Massage and Sauna
- Game Room
- Children’s Playground

The Company believes that the customer is always right. We provide avenues where customers or residents raise their concerns regarding any unlikely occurrences in the subdivision. Security personnel in Colinas Verdes are the front-end persons to whom our customers or residents may communicate with. During contract agreements with buyers, ARA employees hand out their business cards to buyers for any questions or concerns on the transaction.

However, for 2022, ARA has no data available to measure client satisfaction and method in collecting such concerns from clients. Hence, we see this as an opportunity for the Company to improve the disclosure for this topic in the next reporting years. The Management will discuss with the Board on policies that recognize the welfare of customers and other stakeholders who hold interest in ARA.

Health and Safety

Disclosure	Quantity (2022)	Units
Number of substantiated complaints on product or service health and safety	0	#
Number of complaints addressed	0	#

Impacts, Risks, Opportunities, and Management Approach

As of the reporting year, no complaints about health and safety were raised by homeowners in Colinas Verdes. ARA and SLRDI ensure all homeowners are protected from any harm while inside the property. Part of the subdivision’s master-plan is a 24-hour security gate and guardhouse where our security personnel screen visitors before entry. A perimeter fence is built around the property to prevent any unauthorized access.

Any incidents on the health and safety of residents that are caused by lapses in the development of the property may affect the reputation of Colinas Verdes, hence may also affect ARA and SLRDI’s management. To avoid such incidents, ARA continues to implement and strengthen security protocols to ensure the safety of residents and visitors in Colinas Verdes.

Marketing and labeling

The Company commissioned Orchard Property Marketing Corporation (OPMC) as the official marketer for our Colinas Verdes project. The joint venture agreement allowed OPMC, an independent marketing firm, to sell projects developed by SLRDI. Hence, this topic is not material to ARA.

However, our marketing strategies have been favorable to our increased sales over the years. ARA fine-tuned its whole system that maintains and improves Colinas Verdes as the subdivision’s brand name and gained its position to the market. This has enhanced the perspective for more marketing strategies as it competes with other real estate industry players.

Customer/S Privacy

Disclosure	Quantity	Units
Number of substantiated complaints on customers privacy	0	#
Number of complaints addressed	0	#
Number of customers, users, and account holders whose information is used for secondary purposes	0	#

Data Security

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

Impacts and Management Approach

ARA received no complaints or any issues related to violation of customer privacy and data security. This is attributed to the defined policy of the Company stating that only the buyer has the authority to ask for any document/s related to the transaction with ARA.

Risks and Management Approach

We recognize the existence of data breaches, leaks, thefts, losses, and use of customer information for secondary purposes. In cases for the occurrence of said risks, ARA delegates the Legal Officers to handle and address complaints concerning customer privacy and data security.

In establishing solutions in data security, it will protect the related parties such as, but not limited to, client, suppliers, and stakeholders with business interest to the Company. We will draw the line to be able to formulate some regulations or solution to be able to expand the existing protocols to ensure data security protection and secrecy or confidentiality.

Opportunities and Management Approach

With the present trend in wireless convergence, specifically the on-line and internet transaction, some establishments with weak privacy protection are the usual victim of privacy breach like the commonly known as account hacking. The Management will revisit systems and protocols at hand to be able to upgrade and strengthen the present procedure to ensure privacy and/or to protect customer data.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and their contribution to sustainable development

Real Estate Development



ARA helps families achieve their dreams of owning a home. This is rooted in a deep understanding of the needs of customers and builds for them a house that meets their needs wherever they are in their journey towards financial freedom. Knowing that Bulacan's population steadily grows five percent annually, our residential developments were expanded to meet the housing requirements in the said province. In 2022, the project has built a total of 451 residential units with 426 units occupied.

To ensure the comfort of residents, Colinas Verdes is equipped with various infrastructures that are reliable and accessible to support their basic needs. With its strategic location, Colinas Verdes is adjacent to transportation modes such as the Metro Rail Transit Line 7 (MRT-7) and commercial areas such as shopping centers that offer movement and access for residents.

Our business also provides employment opportunities that contribute to the economic growth in the local community where we operate. Specifically, our construction activities require enough labor workers to finish our projects in accordance with the project schedules. The development of the Colinas Verdes project has also benefited 31 security personnel to implement security measures as residents enjoy the services in the subdivision.

Potential Negative Impact of Contribution

Working on its responsibility as landowners and land developers, ARA recognizes the potential impacts its operations bring to the people and to the environment. These are the following:

- Increased demand for basic services such as water and electricity
- Increase waste generation
- Increase in traffic volume and air pollution in the area
- Increased wastewater discharge

Management Approach to Negative Impact

It is the Company's goal to develop lands into spaces that benefit the physical and social well-being of its customers. Our developments are patterned after the master-plan that is designed by Duany-Plater-Zyberk (DPZ), a Florida-based firm that applies the concept of new urbanism. ARA's lands are converted into communities where people get to enjoy residing in neighborhoods that encourage them to interact with their built and natural surroundings. We seek to establish communities where people do not see the need to travel to the Central Business Districts (CBDs) to satisfy their needs, lessening the movement to Metro Manila.

Anchoring on the principles of sustainable development, the Company and its partner developers are studying the feasibility of investing in environmentally responsible technologies and facilities that would ensure maximum efficiency in the use of energy and water, would manage wastes, and control any pollution in the air and water