COVER SHEET

S.E.C. Registration Number

A S O 9 5 0 1 2 5 6 1

Company Name

LFM PROPERTIES CORPORATION

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

LIBERTY BUILDING 835 A ARNAIZ AVENUE LEGASPI VILLAGE MAKATI CITY

Contact Person	Company's Telephone Number/s
MICHAEL JOHN A. TANTOCO JR.	+63288937790

1 2	3 1	**20-IS**	0 7	2 6
Month	Day	FORM TYPE	Month	Day
Of Fiscal Year			Of Annual Meeting	

Secondary License (if Applicable)

C G F D

Department Requiring this Document

Amended Articles

Number/Section

Total Amount of Borrowings

To be Accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

NOTICE OF THE 2023 ANNUAL STOCKHOLDERS' MEETING OF LFM PROPERTIES CORPORATION

TO ALL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the annual meeting of the stockholders of **LFM PROPERTIES CORPORATION** will be conducted virtually through remote communication on **July 26, 2023 at 2:00 PM via the Zoom online platform**. The meeting ID and password will be sent to the successful registrants through electronic mail.

The Agenda for the Meeting is as follows:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the 2022 Annual Stockholders' Meeting
4. Annual Report of the President and the Chairman of the Board
5. Ratification of all Acts and Proceedings of the Board of Directors and Corporate Officers
6. Election of Directors
7. Amendment to the Articles of Incorporation to Reclassify 1,000,000 Preferred Shares to 10,000,000,000 Common Shares (at the rate of 10,000 Common Shares for every 1 Preferred Share)
8. Amendment to the Articles of Incorporation to Increase the Authorized Capital Stock to Seven Hundred Million Pesos (Php700,000,000.00) Divided into 70,000,000,000 Common Shares with a Par Value of Php0.01 per Common Share
9. Amendment to the By-Laws to change the regular meeting date of the Board of Directors to the last Wednesday of each month
10. Declaration of Stock Dividends in the Amount of Php150,000,000.00
11. Appointment of External Auditor
12. Adjournment

Only stockholders as of the close of business hours on July 6, 2023 shall be entitled to notice and to vote at the meeting.

The Minutes of the last Annual Stockholders' Meeting and a copy of the resolutions of the Board of Directors will be available for inspection during office hours at the 3rd Floor, Liberty Building, A. Arnaiz Avenue, Makati City.

Stockholders who intend to participate by remote communication should notify the Company by email on or before July 12, 2023 at 5:00 p.m. in accordance with the registration procedure attached as Annex A hereof. Such requests may be sent to **LPCcorporatesecretary@picazolaw.com.** For those (1) who will be unable to attend the meeting in person and will attend through a representative, and (2) for corporate stockholders, kindly submit to the Office of the Corporate Secretary (not later than July 12, 2023 and to the address indicated below) a proxy in favor of a representative, in the form attached hereto, to:

MA. LOURDES C. ENDOZO
Assistant Corporate Secretary
Office of the Corporate Secretary, LFM Properties Corporation
Penthouse, Liberty Center, 104 H.V. dela Costa Street
Salcedo Village, Makati City

On June 21, 2023, the Board of Directors of the Company approved and authorized participation and voting through remote communication during the special meeting of the stockholders of the Company to be held on July 26, 2023. The procedures for participation in the Annual Meeting through remote communication and for casting votes are provided for in the Information Statement.

Copies of the Information Statement, Annual Report, and other pertinent documents shall be uploaded to the Company's website as well as the PSE EDGE.

Please be advised that the Corporate Secretary will record the proceedings of the meeting in compliance with prevailing regulations. For any questions or concerns, you may reach the Office of the Corporate Secretary through email at asgatdula@picazolaw.com and ltcalpo@picazolaw.com.

Very truly yours,

MA. ADELINA S. GATDULA
Corporate Secretary

PROXY

The undersigned stockholder of LFM PROPERTIES CORPORATION (the "Corporation") hereby constitutes and appoints ________________________, as proxy to represent the undersigned stockholder and to vote a total of ________________________________ (____________) shares registered in the name of the undersigned stockholder in the books of the Corporation at the meeting of the stockholders of the Corporation to be held on July 26, 2023 and any adjournment thereof.

The proxy is authorized to vote on all matters which may properly be taken in the meeting and other matters indicated in the agenda of the said meeting.

This proxy shall be valid only for the meeting stated above, unless earlier withdrawn by the undersigned stockholders by written notice filed with the Corporate Secretary of the Corporation.

SIGNED THIS PROXY this ________ day of ____________________ 2023.

____
(Signature over Printed Name of Stockholder)

[Note: The proxy issued by a corporate stockholder should include as an attachment a notarized Secretary's Certificate issued by the Corporate Secretary of such corporate stockholder attesting to Board resolutions authorizing the proxy to act on behalf of the corporate stockholder at the annual stockholders' meeting of LFM Properties Corporation.]

Annex "A"

2023 ANNUAL MEETING OF STOCKHOLDERS
OF
LFM PROPERTIES CORPORATION

REQUIREMENTS AND PROCEDURES FOR PARTICIPATION/REGISTRATION

To participate via remote communication, stockholders of the Company are requested to register and confirm their attendance to the Office of the Corporate Secretary through email at LPCcorporatesecretary@picazolaw.com on or before July 12, 2023. In the event that the stockholder is unable to attend the meeting in person and will attend through a representative, and for corporate stockholders, the email should be accompanied by a proxy in favor of the stockholder's representative together with a copy of the notarized Secretary's Certificate issued by the Corporate Secretary of such corporate stockholder attesting to the resolutions authorizing the proxy to act on behalf of such corporate stockholder at the annual stockholders' meeting of the Company.

All successfully registered stockholders of the Company will receive an electronic invitation via email containing the meeting ID and password. All stockholders must log onto the meeting link at least 30 minutes before the meeting starts, to enable the Office of the Corporate Secretary to confirm the presence of quorum and to avoid any technical difficulty.

RATIONALE AND EXPLANATION
OF AGENDA ITEMS FOR STOCKHOLDER APPROVAL

I. Approval of the Minutes of the 2022 Annual Stockholders' Meeting held 2022

At the meeting, Stockholder approval for the minutes of the 2022 Annual Stockholders' Meeting shall be sought.

Copies of the draft minutes will be made available upon request of the Stockholders, and copies of such minutes shall also be made available at the registration area on the date of the 2023 Stockholders' Meeting, or through online means. Shareholders who wish to request for a copy of the minutes may send an email LPCcorporatesecretary@picazolaw.com.

II. Annual Report of the President and Chairman of the Board

The Chairman of the Board will present to the shareholders a summary of audited financial statements, and the current commercial standing of the company. This Audited Financial Statement is attached to the Definitive IS and shall be made available in LPC's website fifteen (15) days before the 2023 Stockholders' Meeting. The Chairman will also present to the Stockholders highlights and significant events that transpired during the previous year.

Upon the conclusion of the report by the Chairman, there will be an open forum where Stockholders shall be given the opportunity to give their comments and ask questions concerning the report given by the Chairman.

Upon the conclusion of such open forum, the Stockholders will note for the adoption of a resolution closing the Stockholders' open forum and approving the Annual Report and Audited Financial Statements of the Company for the year ended on December 31, 2020.

III. Ratification of all Acts and Proceedings of the Board of Directors

Stockholder ratification shall be sought for all the acts and resolution of the Board of Directors and corporate officers passed and made since the last Annual Stockholder's Meeting until July 26, 2023.

These acts, include among others, [provide a brief summary of the material resolutions passed] the declaration of dividends, amendment of the Articles of Incorporation, amendment of the By-Laws, purchase of Liberty Building, approval of the audit plans of both the external and internal auditor, and approval of the fees paid to such auditors.

The Stockholders will then, though a vote, pass a resolution approving, confirming, ratifying, and adopting, all acts, resolutions, proceedings of the Board of Directors and Corporate Officers for the period including and between the 2022 Annual Stockholders' Meeting until the 2023 Stockholders' Meeting

IV. Election of Directors

In accordance with the By-Laws, Manual on Corporate Governance, and SEC Rules on the matter – any Stockholder, including minority stockholders, may submit nominations to the Board.

The Stockholders will cast their votes during the meeting for the Election of the Board of Directors for the ensuing year. Upon the conclusion of such voting, the seven (7) nominees with the greatest number of votes shall be deemed as elected as members of the Board of Directors beginning July 26, 2023 until their successors are elected and qualified.

V. Amendment to the Articles of Incorporation: Increase in Authorized Capital Stock and Declaration of Stock Dividends

On March 28, 2023 the Board of Directors approved the amendment to Article Seventh of the Corporation’s Articles of incorporation reclassifying the One Million Non-Voting, Non-Convertible Authorized Preferred Shares into common shares, and the increase in the authorized capital from PhP400 Million to PhP700 Million.

The subscription to the increase in capital stock shall be by way of stock dividends to the shareholders of the Company. A total stock dividend of 10 billion shares, with a par value of PhP100 Million shall be used as the subscription for the increase in the authorized capital stock.

These proposed amendments shall be subject to approval of the Stockholders during the 2023 Annual Meeting.

VI. Amendment to the By-Laws

On December 22, 2022 the Board of Directors approved the amendment to By-Laws. Under this amendment the regular board meeting of the Board of Directors was moved from the 2nd Wednesday of each month to the last Wednesday of each month.

These proposed amendments shall be subject to approval of the Stockholders during the 2023 Annual Meeting.

VII. Declaration of Stock Dividends

At a meeting of the Board of Directors held on December 21, 2022 the declaration of 60% stock dividends corresponding to 15 Billion shares, equivalent to PhP150,000,000.00, was approved.

Of such stock dividend: (a) 5 billion shares shall come from the Company's unissued shares; and (b) 10 billion shares, shall come from the increase in the Company's authorized capital stock.

Fractional shares resulting from the stock dividend will be rounded to the next zero.

The proposed declaration of stock dividends shall be subject to approval of the Stockholders during the 2023 Annual Meeting.

VIII. <u>Appointment of the External Auditor</u>

The Audit Committee will recommend to the Stockholders the reappointment of SGV & Co. as the external auditors of the Company for the ensuing fiscal year.

The Stockholders shall vote on a resolution on whether SGV and Co. shall serve as the external auditors of the Company for the 2023 fiscal year.

IX. <u>Other Matters</u>

The Chairman will open the floor to for the Stockholders to present any matter, business, or concern, for consideration of the Board and the Stockholders present at the meeting.

Finally, upon the conclusion of the above, the Chairman shall entertain any motion to adjourn the meeting.

PROXY

I, ___________________________________, a stockholder of record of LFM PROPERTIES **PROXY**

The undersigned stockholder of LFM PROPERTIES CORPORATION (the "Corporation") hereby constitutes and appoints _________________________, as proxy to represent the undersigned stockholder and to vote a total of _________________________________ (_____________) shares registered in the name of the undersigned stockholder in the books of the Corporation at the meeting of the stockholders of the Corporation to be held on July 26, 2023 and any adjournment thereof.

The proxy is authorized to vote on all matters which may properly be taken in the meeting and other matters indicated in the agenda of the said meeting.

This proxy shall be valid only for the meeting stated above, unless earlier withdrawn by the undersigned stockholders by written notice filed with the Corporate Secretary of the Corporation.

SIGNED THIS PROXY this ________ day of ____________________ 2023.

____
(Signature over Printed Name of Stockholder)

[Note: The proxy issued by a corporate stockholder should include as an attachment a notarized Secretary's Certificate issued by the Corporate Secretary of such corporate stockholder attesting to Board resolutions authorizing the proxy to act on behalf of the corporate stockholder at the annual stockholders' meeting of LFM Properties Corporation.]

THIS PROXY IS BEING SOLICITED ON BEHALF OF LFM PROPERTIES CORPORATION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [X] Definitive Information Statement

2. **LFM Properties Corporation**
   Name of Registrant as specified in its charter

3. **Metro Manila**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number: ASO95012561

5. BIR Tax Identification Code 004656232

6. 3rd Floor, Liberty Building, 835 A. Arnaiz Avenue, Makati City — 1229
   Address of principal office — Postal Code

7. +63288937790
   Registrant's telephone number, including area code

8. Date, time and place of the meeting of security holders

   July 26, 2023
   2:00 pm
   via Videoconferencing using the Zoom platform

9. July 5, 2023
   Approximate date on which the Information Statement is first to be sent or given to security holders

10. **In case of Proxy Solicitations:**

   Name of Person Filing the Statement/Solicitor: LFM Properties Corporation

   Address and Telephone No.: 3rd Floor, Liberty Building, 835 A. Arnaiz Avenue, Makati City; +63288937790

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common	25,000,000,000

12. Are any or all of registrant's securities listed in a Stock Exchange?

   Yes [X]   No [ ]

   If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Name of the Exchange	Shares listed on the Exchange
The Philippine Stock Exchange, Inc.	Common Shares

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. **Date, time and place of meeting of security holders.**

Date, time and place of meeting of security holders and mailing address

Date of Meeting	July 26, 2023
Time of Meeting	2:00 o'clock in the Afternoon
Place of Meeting	Videoconference using the Zoom platform
Complete Mailing address of Principal Office	Liberty Properties Corporation 3rd Floor, Liberty Building, 835 A. Arnaiz Avenue, Makati City

LFM Properties Corporation (hereinafter, the "Company") intends to send the notice of Annual Stockholders' Meeting, copies of the definitive information statement, the proxy form and the 2022 Annual Report sometime on July 5, 2023.

This shall be sent through traditional means, and the Company shall not use the alternative mode of distributing and providing notice of the Meeting as provided for in Securities and Exchange Commission Notice dated March 13, 2022.

Item 2. **Dissenters' Right of Appraisal**

Any stockholder of the Company may exercise his appraisal right against any proposed corporate action which qualifies as an instance under Section 80 of the Revised Corporation Code.

The Company does not reasonably foresee any stockholder exercising their right of appraisal during the Annual Stockholders' Meeting.

Item 3. **Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

None of the members of the board of directors or senior management have any substantial interest in the matters to be acted upon by the stockholders in the Annual Stockholders Meeting.

As of May 31, 2023, the board of directors and senior management, as a group, own 50,839,897 common shares which is approximately 0.02% of the outstanding common stock.

None of the Company's directors have manifested any intention of opposing any action intended to be taken by the Company during the scheduled Annual Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. **Voting Securities and Principal Holders Thereof**

Voting Securities and Principal Holders Thereof

As of May 31, 2023, the Company has Twenty-Five Billion (25,000,000,000) common shares of which 100% is outstanding.

All stockholders of record at the close of business on July 6, 2023 ("Record Date") shall be entitled to notice and to vote at the said meeting, provided that those who shall be attending by proxy, must have had their respective proxies received by the Company not later than July 12, 2023, and validated by the Company at least seven (7) days before the meeting.

Manner of Voting

For the purpose of electing directors during the scheduled Annual Stockholders' Meeting, each Stockholder shall have the option of cumulating his votes by giving one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal as of Record Date, or he may distribute them on the same principle among as many candidates as he shall see fit, in accordance with Section 23 of the Revised Corporation Code; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company as of Record Date multiplied by the whole number of directors to be elected.

The total number of votes that may be cast by a stockholder of the Company for the election of directors is computed as follows: number of shares held on record as of Record Date x 7 directors.

For all other matters requiring a vote in the Annual Stockholders' Meeting, each share shall be entitled to one vote.

Item 5. **Directors and Executive Officers**

Security Ownership of Certain Record and Beneficial Owners

As of May 31, 2023, owners of record of more than five percent (5%) of the Company's voting securities, were as follows:

Title of Class	Name, Address of Record Owner, and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	Liberty Flour Mills 7th Floor, Liberty Building 835 A. Arnaiz Avenue Makati City		Filipino	14,649,999,993	58.6%
Common	Parity Values, Inc. Ground Floor, Liberty Building 835 A. Arnaiz Avenue, Makati City.	William Carlos Uy is the Chairman and President and CEO of Parity Values Inc. John Carlos Uy is a Director and General Manager of Parity Values, Inc. William Ang is a Director and 1st Vice President and Treasurer of Parity Values, Inc.	Filipino	4,175,964,939	16.7%
Common	PCD Nominee Corp. 37/F The Enterprise Center, Ayala Ave., Makati City	PSE Member Brokers	Filipino	3,328,036,083	13.31%

Background of Directors and Executive Officers

The Articles of Incorporation of the Company provide that the Directors of the Company shall hold office for one (1) year and until their successors are elected and qualified.

The Directors of the Company are as follows:

Name of Directors	Age	Citizenship	Position
William Carlos Uy	81	Filipino	Chairman of the Board
Jose S. Jalandoni	68	Filipino	President and Director
William L. Ang	72	Filipino	Vice President, Treasurer, and Director
Jose Ma. S. Lopez	78	Filipino	Director
John Carlos Uy	72	Filipino	Director
David Ng*	61	Filipino	Director
Jose A. Feria Jr.*	75	Filipino	Director

* Independent Director

The Officers and Senior Management of the Company are as follows:

Name	Age	Citizenship	Position
William Carlos Uy	81	Filipino	Chairman
Jose S. Jalandoni	68	Filipino	President
William Ang	72	Filipino	Vice President & Treasurer
Ma. Adelina S. Gatdula	60	Filipino	Corporate Secretary
Ma. Lourdes C. Endozo	40	Filipino	Asst. Corporate Secretary

Following is a brief description of the respective backgrounds of the Company's Directors and Senior Management, who have all been nominated for another term, their respective ages and involvement in other businesses for the past five (5) years:

William Carlos Uy. 81 years old. He serves as the Chairman of the Board of Directors of the Company. He is presently the Chairman of the Board of Directors of Liberty Flour Mills, Inc. and President of Parity Values, Inc., with both corporations being a non-public stockholder of the Company. He also serves as the: (a) President of UPCC Securities Corporation; (b) Vice Chairman of UPCC Holdings Corporation; and (c) Corporate Treasurer of Malayan Bank.

Jose S. Jalandoni. 68 years old. He was first elected as the Company's President on April 19, 2021. He is currently the Chairman of Valueline Realty Development Corp and Unicomm Ingredients Phils Inc, Chairperson of Kanlaon Farms, Inc., Vice Chairman of Enterprise Car Lease Phils Inc, President of Beechwood Corp and Percom OPC., and Director and Audit Committee Member of Liberty Flour Mills, Inc. He also serves as Corporate Secretary of Kanlaon Development Corporation, Piliwood Bacolod Corp, Jayjay Realty Corporation, JM & Company, Inc., the Assistant Treasurer of JM Profreeze, and as the Assistant Corporate Secretary of JM Brenton Industries Corporation. He also serves as Director and Officer in Charge of Agchem Manufacturing Corporation.

William L. Ang. 72 years old. He was first elected as the Company's Vice President and Treasurer on March 1, 2022. He is a Director of Liberty Flour Mills, Inc. and holds the position of First Vice President and Treasurer of Parity Values, Inc. He is also a stockholder and Treasurer of Trade Demands Corporation and a Director of the Securities Clearing Corporation of the Philippines.

Jose Ma. S. Lopez. 78 years old. He serves as the Company's Director. He is presently a Director and Senior Vice President and Treasurer of Liberty Flour Mills, Inc. He is a Director in other corporations including Agchem Manufacturing Corporation and Liberty Commodities Corporation. He is also the Senior Vice President of Lopez Sugar Corporation.

John Carlos Uy. 72 years old. He serves as the Company's Director. He is presently a Director of Liberty Flour Mills, Inc. and Director and the General Manager of Parity Values, Inc., with both corporations being non-public stockholders of the Company.

David Ng, 61 years old. He serves as the Company's Independent Director. He is presently the President of Merlin Mining Corporation, Lucky Jade Corporation and Cotlesloe Trading Corp. He is also the General Manager of New RTC International Co., Inc. and Administrator of Logic Pacific, Inc.

Jose A. Feria Jr., 75 years old. He serves as the Company's Independent Director. He is presently the Senior Partner of Feria Tantoco Daos Law Offices. Atty. Feria holds the Chairman position for the following companies: Assessment Analytichs, Inc., Cyan Management Corporation, Philippine Multi-media Systems, Inc., MG Exeo Network, Inc., Premiere Travel and Tours, Inc., Spencer Food Corp., Vinnel Belvoir Corp. and Padre Burgos Realty, Inc. He also serves as Vice Chairman of Directories Philippines Corp. Moreover, Atty. Feria is a Director of the following companies: Liberty Flour Mills, Inc., EYP.PH Corporation, AeroAsia, Inc., HL&F Management Corp., Macawiwili Gold Mining & Development Corporation, Metropolitan Insurance Corp., Montecito Properties, Inc., Pru-Life Insurance Corp.-UK, Telephilippines Inc. and the Corporate Secretary of All Asian Counter Trade, Inc., Felvisol Development Corp. and Sanara Inc.

Ma. Adelina S. Gatdula, 61 years old. She serves as the Company's Corporate Secretary and is a Partner at Picazo Buyco Tan Fider & Santos Law Offices. She graduated from the University of the Philippines with a degree in A.B. Economics, cum laude, and from the University of the Philippines College of Law. She also serves as Director and/or Corporate Secretary of various Philippine corporations engaged in the real estate business, business process outsourcing, and insurance, among others.

Ma. Lourdes Calpo Endozo, 40 years old. She serves as the Company's Assistant Corporate Secretary. She is a Partner at Picazo Buyco Tan Fider & Santos Law Offices, achieved her Juris Doctor from the University of the Philippines College of Law and has been a member of the Philippine Bar since 2009. Atty. Endozo has been a practicing lawyer for the past 14 years and specializes in the areas of mergers and acquisitions, banking and finance, public utilities and infrastructure, bancassurance, education, retail trade, competition law, and real estate and construction.

All the directors and officers of the Company possess a high degree of integrity and character and are fully capable and able to perform their duties as directors and officers, respectively. None of the directors or officers has been declared bankrupt nor has there been any petition filed by or against any of the directors, nor against any businesses of which they were a part of. None of the directors and officers of the Company have been convicted of any crime, domestic or foreign and there are no criminal proceedings presently pending against any of them. None of the directors and officers of the Company have been temporarily or permanently barred, suspended or otherwise subject to any order limiting their involvement in any type of business.

Independent Directors

The Nominations Committee of the Company, which was constituted in accordance with the Company's Manual on Corporate Governance, pre-screens and shortlists all candidates in accordance with the Manual on Corporate Governance.

In a meeting of the Nominations Committee of the Company on June 21, 2023, nominated Mr. David Ng and Atty. Jose A. Feria, Jr. to be the Company's independent directors for the ensuing corporate year.

Other than as stated above, no new persons were named and nominated to be the Company's independent directors for the ensuing corporate year.

Board Committees

The members of the Company's Nomination Committee are: Jose S. Jalandoni, William L. Ang and Jose A. Feria, Jr., with Jose A. Feria, Jr. presiding as Chairman.

The members of the Company's Audit Committee are: Jose A. Feria, Jr., David Ng, and John Carlos Uy, with Jose A. Feria, Jr. presiding as the Chairman.

The members of the Compensation and Remuneration Committee are: David Ng, John Carlos Uy and Jose S. Jalandoni, with David Ng presiding as Chairman.

Security Ownership of Directors and Senior Management

Directors/Nominees

Title of class	Name of Beneficial Owners	Amount and nature of beneficial ownership		Citizenship	Percent of ownership
Common	William Carlos Uy	139	D	Filipino	*Nil*
Common	Jose S. Jalandoni	70	D	Filipino	*Nil*
Common	William Ang	25,738	D	Filipino	*Nil*
Common	Jose Ma. S. Lopez	50,759,644	D	Filipino	*0.2%*
Common	John Carlos Uy	25,807	D	Filipino	*Nil*
Common	Jose A. Feria, Jr.*	2,485	D	Filipino	*Nil*
Common	David Ng*	26,014	D	Filipino	*Nil*

**Independent Director*

The above are likewise the nominees in the election to the Board of Directors for the 2023 corporate year.

Officers and Senior Management

Title of class	Name of Beneficial Owners	Position	Amount and nature of beneficial ownership		Citizenship	Percent of ownership
Common	William Carlos Uy	Chairman	139	D	Filipino	*Nil*
Common	Jose S. Jalandoni	President	70	D	Filipino	*Nil*
Common	William L. Ang	Vice President and Treasurer	25,738	D	Filipino	*Nil*

Attendance of the Directors at Meetings of the Board of Directors

NAME	NUMBER OF MEETINGS WITHIN TERM OF OFFICE	NUMBER OF MEETINGS ATTENDED
William Carlos Uy	15	13
Jose S. Jalandoni	15	15
William Ang	15	14
Jose Ma. S. Lopez	15	14
John Carlos Uy	15	15
David Ng	15	14
Jose A. Feria Jr.	15	14

Attendance in Committee Meetings

Audit Committee

NAME	NUMBER OF MEETINGS WITHIN TERM OF OFFICE	NUMBER OF MEETINGS ATTENDED

Jose A. Feria Jr.	2	1
David Ng	2	2
John Carlos Uy	2	2

Nominations Committee

NAME	NUMBER OF MEETINGS WITHIN TERM OF OFFICE	NUMBER OF MEETINGS ATTENDED
Jose A. Feria Jr.	1	1
Jose S. Jalandoni	1	1
William Ang	1	1

Attendance in Stockholders' Meetings

NAME	NUMBER OF MEETINGS WITHIN TERM OF OFFICE	NUMBER OF MEETINGS ATTENDED
William Carlos Uy	1	1
Jose S. Jalandoni	1	1
William Ang	1	1
Jose Ma. S. Lopez	1	1
John Carlos Uy	1	1
David Ng	1	1
Jose A. Feria Jr.	1	1

*For 2022, the Company only had an Annual Stockholders' Meeting.

Significant Employees

While the Company believes that its employees are a valuable resource, other than the persons named above, the Company does not expect any other person to individually make a significant contribution to the business of the Company.

Family Relations

William Carlos Uy and John Carlos Uy are siblings.

Jose S. Jalandoni, and Jose Ma. S. Lopez are first cousins.

Other than the above, the Company is not aware of any family relationships among the directors and officers of the Company.

Certain Relationships and Related Transactions

Purchase of Liberty Building

Liberty Building is an 8-story building located along A. Arnaiz Avenue. This building houses multiple commercial tenants with eight (8) office floors and one (1) basement parking area.

On May 3, 2023, the independent third-party financial adviser advised that the fair price for LFM Building is about 27% of the value of the total assets of Liberty Flour Mills, Inc.

On May 31, 2023, after being given an opportunity to study the fairness opinion provided by the independent third-party financial adviser, and upon negotiations of the parties, the Board of Directors of the Company approved: (a) the fairness opinion; and (b) the execution of a contract to sell with a tentative execution date of June 2, 2023.

The terms of payment will be a deposit of 22% of the purchase price on or before April 20, 2023, with the balance of the purchase price to be paid in installments all of which must be fully paid on or before November 30, 2024.

The purchase of Liberty Building will add to the Company's property portfolio and operating income.

Involvement in Certain Legal Proceedings

None of the directors or officers have been declared bankrupt nor have there been any petitions filed by or against any of the directors, nor to any businesses of which they were a part of. Neither have any of them been convicted of any crime, domestic or foreign; and there are no criminal proceedings or threatened material litigation presently pending against any of them or any of their properties; or between any of them and the Company which are material to an evaluation of the ability or integrity of any director or officer of the Company as described in Part II, Paragraph (c) of the Securities Regulation Code ("SRC") Rule 12.

None of the directors and officers of the Company have been temporarily or permanently barred, suspended, or otherwise subject of any order limiting any of their involvement in any type of business.

The Company is presently not involved in any material legal proceeding affecting any of its properties.

Voting Trust Holders of 5% or More

The Company does not have knowledge of persons holding more than 5% of common shares under a voting trust or similar agreement.

Changes in Control

No change in control of the Company has occurred since the beginning of the previous fiscal year.

Item 6. **Compensation of Directors and Executive Officers**

Compensation of Directors and Executive Officers

The Company adopts a performance-based compensation scheme. The aggregate compensation paid to the Company's highest compensated executives amounted Php3.03 million in 2021 and Php2.37 million in 2022. The projected annual compensation for the current year is Php 2.61 Million.

Information as to the aggregate compensation paid or accrued by the Company during the last two (2) fiscal years and to be paid in the ensuing fiscal year to the Company's President and two (2) executive officers, namely, Jose S. Jalandoni and William L. Ang. Jose S. Jalandoni, William L. Ang, and Sergio G. Locsin are the only executives of the Company from 2022 to 2022; and for 2023 the only executives are Jose S. Jalandoni and William L. Ang.

In Million Pesos

<table>
<tr><th>Name</th><th>Position</th><th>Year</th><th>Total Compensation</th><th>Compensation</th><th>Bonus & Others</th></tr>
<tr><td>Jose S. Jalandoni</td><td>President</td><td rowspan="2">2023*</td><td rowspan="2">2.61</td><td></td><td></td></tr>
<tr><td>William L. Ang</td><td>Vice President and Treasurer</td><td>1.82</td><td>0.79</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td></tr>
</table>

**The above is the estimated compensation for the aforementioned officers for the 2023 fiscal year.*

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others

Jose S. Jalandoni	President	2022	2.37	1.78	0.59
Sergio G. Locsin Jr.	Vice President and Treasurer *Vice President and Treasurer- Jan 2003 to February 28, 2022*				
William L. Ang	Vice President and Treasurer *March 1, 2022 to Present*				

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others
Jesus S. Jalandoni Jr.	President *President - March 1, 1997 to April 19, 2021*	2021	3.03	2.27	0.76
Sergio G. Locsin Jr.	Vice President and Treasurer				
Jose S. Jalandoni	MIS Manager *(April 1997 to April 18, 2021)Promoted to* President *Effective April 19, 2021*				

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others
Jesus S. Jalandoni Jr.	President *President - March 1, 1997 to April 19, 2021*	2020	4.12	3.09	1.03
Sergio G. Locsin Jr.	Vice President and Treasurer				
Jose S. Jalandoni	MIS Manager *(April 1997 to April 18, 2021) Promoted to President effective April 19, 2021*				

The amount of compensation for the above-named executive officers as a group for the last three (3) fiscal years are as follows:

Name and Principal Position	Year	Salaries (₱)	Bonus (₱)	Others (₱)	Total (₱)
Total compensation for the above-named three (3) executive officers	2023*	₱1,818,851	₱675,600	₱115,000	₱2,609,451
	2022	₱1,781,525	₱541,100	₱50,000	₱2,372,625
	2021	₱2,271,519	₱756,000	-	₱3,027,519
	2020	₱3,087,136	₱1,036,400	-	₱4,123,536
All other officers and directors as a group	2023*	₱1,818,851	₱675,600	₱375,000	₱2,869,451
	2022	₱1,781,525	₱541,100	₱160,000	₱2,482,625
	2021	₱2,271,519	₱756,000	-	₱3,027,519
	2020	₱3,087,136	₱1,036,400	-	₱4,123,536

** The 2023 figures are only estimates of the compensation to be given to the Executive Officers and members of the Board. The actual compensation given for 2023 may vary from what is provided above.*

Aside from the above, the other directors of the Company do not receive any compensation, except for reasonable per diems for attendance during meetings.

There are no special compensatory arrangements between the Company and any of its directors or officers.

Compensation of Directors

The per diems of the directors are based on an attendance per board meeting basis. The amount of aggregate per diem per meeting for the 2022 fiscal year was Php160,000, with the per meeting per diem set at PhP5,000.00 per meeting; while the estimated aggregate per diem for the 2023 fiscal year is Php 375,000, with the per diem per meeting set at PhP5,000.00. There are no additional per diems that are given for attendance at committee meetings. Furthermore, there are no other arrangements with regard to the remuneration of the Company's Non-Executive Directors aside from the compensation stated herein.

Apart from the executive directors who are compensated for their holding of executive positions, there are no other agreements between the Company and any member of the Board of Directors under which the latter would be compensated or is to be compensated for any service provided as a director. As such, there are no special compensatory arrangements between the Company and any of its directors or officers.

For the year 2022 the directors of the Corporation received the following per diems and bonuses:

NAME	Per Diem		Bonus	Total
	Board Meetings	Committe e Meetings		
WILLIAM CARLOS UY	₱25,000.00	-	-	₱25,000.00
JOSE S. JALANDONI	₱25,000.00	-	₱323,800	₱348,800.00
WILLIAM ANG	₱25,000.00	-	₱267,300	₱292,300.00
JOHN CARLOS UY	₱25,000.00	-	-	₱25,000.00
JOSE MA. S. LOPEZ	₱20,000.00	-	-	₱20,000.00
JOSE FERIA, JR	₱20,000.00	-	-	₱20,000.00

DAVID NG	₱20,000.00	-	-	₱20,000.00
Total	₱160,000.00	-	₱591,500.00	₱751,500.00

For the year 2021 the directors of the Corporation received the following per diems and bonuses:

NAME	Per Diem		Bonus	Total
	Board Meetings	Committee Meetings		
WILLIAM CARLOS UY	NO PER DIEM GIVEN			
JOSE S. JALANDONI				
WILLIAM ANG				
JOHN CARLOS UY				
JOSE MA. S. LOPEZ				
JOSE FERIA, JR				
DAVID NG				
Total				

For the year 2020 the directors of the Corporation received the following per diems and bonuses:

NAME	Per Diem		Bonus	Total
	Board Meetings	Committee Meetings		
WILLIAM CARLOS UY	NO PER DIEM GIVEN			
JOSE S. JALANDONI				
WILLIAM ANG				
JOHN CARLOS UY				
JOSE MA. S. LOPEZ				
JOSE FERIA, JR				
DAVID NG				
Total				

Item 7. **Independent Public Accountants**

Sycip Gorres Velayo & Co ("SGV") is presently the Company's independent external auditor. The audit services provided by Sycip Gorres Velayo & Co. for the fiscal year ended 31 December 2022 included the examination of the financial statements of the Company, preparation of the final income tax returns, and other services related to the filing of reports with the Securities and Exchange Commission. Other than the preparation and filing of income tax return, the Company has not engaged SGV for any tax services.

There have been no changes in nor disagreements with accountants on accounting and financial disclosure.

The Audit Committee at the start of the calendar year discusses, evaluates and reviews the nature and scope of the audit including the appointment of external auditor, the audit fees and any question of resignation or dismissal. Further, the Audit Committee reviews the quarterly, half-year and annual financial statements before submission to the Board, focusing particularly on any change in the accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumption, compliance with accounting standards and compliance with tax, legal and stock exchange requirements.

Item 8. **Compensation Plans**

On 21 December 2022, the Board of Directors of the Company approved a stock purchase plan (the “Plan”) covering 200,000,000 common shares (the “Plan Shares”) from the Company’s unissued capital stock. The Plan will give eligible participants the opportunity to purchase shares of the Company at an affordable price. The Plan is open to all Board members, officers, and employees and shall be effective for one (1) year beginning 22 December 2022 (the “Plan Term”). Plan Shares that are not purchased during the Plan Term shall remain part of the unissued capital stock of the Company. The Plan shall be administered by the Audit Committee.

There are no compensation plans or stock option plans for the year 2022.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. **Authorization or Issuance of Securities Other than for Exchange**

At a meeting of the Board of Directors held on December 21, 2022, the declaration of 60% stock dividends corresponding to 15 billion shares, equivalent to PhP150,000,000.00, was approved.

Of such stock dividend: (a) 5 billion shares shall come from the Company's unissued shares; and (b) 10 billion shares, shall come from the increase in the Company's authorized capital stock.

Fractional shares resulting from the stock dividend will be rounded to the next zero.

Item 10. **Modification or Exchange of Securities**

At a meeting of the Board of Directors held on March 27, 2023, the Board approved the amendment to the Company’s Articles of Incorporation to reclassify the one million preferred shares to common shares at a rate of ten thousand common shares for every preferred share.

Item 11. **Financial and Other Information**

Please see the attached Annual Report and Audited Financial Statements for the year 2022.

Item 12. **Mergers, Consolidations, Acquisitions and Similar Matters**

There is no intended merger, consolidation, acquisition or other similar matters.

Item 13. **Acquisition or Disposition of Property**

Liberty Building is an 8-story building located along A. Arnaiz Avenue. This building houses multiple commercial tenants with eight (8) office floors and one (1) basement parking area.

On March 27, 2023, the Board of Directors of LFM Properties Corporation (“*LPC”*) approved the purchase of Liberty Building from Liberty Flour Mills, Inc. (hereafter “LFM”). The terms of the sale were subjected to a fairness opinion from an independent third-party adviser. On May 3, 2023, the third-party adviser advised that the fair price for LFM Building is valued at 27% of LFM’s Assets.

On May 31, 2023, after being given an opportunity to study the fairness opinion provided by the third-party adviser, and upon negotiations of the parties, the Board of Directors of LPC and LFM have resolved that they shall enter into a *Contract to Sell* covering the sale of Liberty Building. The terms of payment will be the deposit of 22% of the purchase price on or before April 20, 2023, the balance of the purchase price will be in installments which must be fully paid on or before November 30, 2024. The Deed of Absolute Sale will be executed and the absolute transfer of Liberty Building to LPC will be made upon the tender of the final installment payment.

The purchase of Liberty Building will add to LPC's property portfolio and operating income of LPC. The effect on the business, financial condition, and operations of LPC are as follows:

1. The value of Liberty Building is expected to increase over time; hence giving LPC an appreciating asset.
2. Liberty Building is a rental-generating asset which will provide LPC with recurring income.
3. The purchase of Liberty Building expands the real estate portfolio of LPC.

The source of funds for the acquisition will be internally generated funds, and bank borrowings.

The assets and improvements were being used by LFM for commercial purposes to generate income. LPC intends to use Liberty Building for the same purposes.

Item 14. **Restatement of Accounts**

The Company and one of its major tenants entered into a Memorandum of Agreement on March 29, 2023, with respect to the pretermination of such major tenant's lease contract and the consequences thereof. While such major tenant contributed to 46% of the company's annual revenue, the Company is negotiating for replacement lease contracts that will compensate for 80% of the aforementioned lost revenue.

D. OTHER MATTERS

Item 15. **Action with Respect to Reports**

During the scheduled Annual Stockholders Meeting, the following reports shall be submitted to the stockholders for their approval:

1. The Minutes of the Annual Stockholders Meeting held on 25 May 2022; and
2. The Financial Statements for the fiscal year ended 31 December 2022.

The Minutes of the last Annual Stockholders' Meeting and resolutions of the Board of Directors will be made available to stockholders upon request.

Summary of the 2022 Annual Stockholders' Meeting Minutes

Quorum for the 2022 Annual Stockholders' Meeting

During the last Annual Stockholder's Meeting held on May 25, 2022, 25,000,000,000 shares representing 100% of the outstanding capital stock of the Company were represented either in person or by proxy.

Voting and Vote Tabulation Procedure

The Company's stockholder voting mechanism is provided under the Company's By-Laws. During the annual stockholders' meeting held on 25 May 2022, only stockholders of record were entitled to notice and vote at the said meeting. The holders of the common shares of stock of the Company voted on matters scheduled to be taken up during the meeting with each share being entitled to cast one (1) vote. The Corporate Secretary counted and validated the votes in accordance with the Revised Corporation Code

Opportunity Given to Stockholders to Ask Questions and a Record of Questions Asked and Answers Given

The stockholders were given the opportunity to ask questions during the meeting. Given the limited agenda for the meeting, no questions were asked.

Matters Discussed and Resolutions Reached and the Record and Voting Results for Each Agenda Item

Ratification of the acts of the Board and of management of the Company for the year 2021-2022

The stockholders approved and ratified all matters previously approved by the Board of Directors as set forth in the minutes of the meetings of the Board of Directors held during the relevant period.

For this agenda item, this was affirmed, approved, and ratified by the affirmative vote of 100% of the stockholders present in person and/or through proxy.

Election of Directors

The stockholders unanimously elected the following as directors of the Company:

1. Mr. William Carlos Uy
2. Mr. Jose S. Jalandoni
3. Mr. Jose Ma. S. Lopez
4. Mr. John Carlos Uy
5. Mr. William L. Ang
6. Mr. Jose Feria, Jr. (independent director)
7. Mr. David Ng (independent director)

The above nominees were elected by the vote of 100% of the stockholders present in person and/or through proxy.

Directors and Officers Present During the Meeting

The following directors and officers attended the meeting:

1. Mr. William Carlos Uy (Chairman and Director)
2. Mr. Jose S. Jalandoni (President and Director)
3. Mr. Jose Ma. S. Lopez (Director)
4. Mr. John Carlos Uy (Director)
5. Mr. William L. Ang (Director, Vice President and Treasurer)
6. Mr. Jose Feria, Jr. (Independent Director)
7. Mr. David Ng (Independent Director)
8. Ms. Ma. Adelina S. Gatdula (Corporate Secretary)

Stockholders Present during the Meeting

The voting rights of Stockholders shall be reckoned per share of stock and not per capita.

The following Stockholders were present during the 2022 Annual Meeting:

1. Mr. William Carlos Uy
2. Mr. Jose S. Jalandoni
3. Mr. Jose Ma. S. Lopez
4. Mr. John Carlos Uy
5. Mr. William L. Ang
6. Mr. Jose Feria, Jr.
7. Mr. David Ng
8. Liberty Flour Mills. Inc.

Item 16. **Matters Not Required to be Submitted**

There are no matters or actions to be taken up in the meeting that will not require the vote of the stockholders as of record date.

Item 17. **Amendment of Charter, Bylaws or Other Documents**

On December 22, 2022, the Board of Directors approved the amendment of the Company's By-Laws to move the regular board meeting of the Board of Directors from the 2nd Wednesday of each month to the last Wednesday of each month.

On March 28, 2023, the Board of Directors approved the amendment to Article Seventh of the Corporation's Articles of incorporation reclassifying One Million Non-Voting, Non-Convertible Preferred Shares into common shares, at a conversion rate of Ten Thousand common shares for each preferred share. Subject to the reclassification, the Board of Directors also approved the increase of the authorized capital of the Company from PhP400 Million divided into four billion common shares to PhP700 Million divided into seven billion common shares.

The purpose of the reclassification of the preferred shares and the increase in the authorized capital of the Company is to expand the capital base of the Company. The increase in the capital base is expected to aid in future expansions and enhance the growth of the Company.

The subscription to the increase in capital stock shall be by way of stock dividends to the Stockholders of the Company. A total stock dividend of 10 billion shares, with a par value of PhP100 Million shall be used as the subscription for the increase in the authorized capital stock.

Item 18. **Other Proposed Action**

a. The acts and proceedings of the board of directors covering the period from May 25, 2022, to 21 June 2023 shall also be discussed and submitted to the stockholders for their ratification to obtain a confirmation of support from the stockholders for all the acts and decisions taken by the board of directors and management during the above-mentioned period.

   Copies of the resolutions of the board of directors and the Minutes of their meetings will be available upon request.

b. Approval of the Minutes of the 2022 Annual Stockholders' Meeting

   The following matters were approved during the Annual Stockholders' Meeting held on 25 May 2022:

   i. Ratification of the Acts of the Board of Directors and Management for the year 2021-2022;

   ii. Election of the following stockholders as Directors of the Company:

      1. William Carlos Uy
      2. Jose S. Jalandoni
      3. Jose Ma. S. Lopez
      4. John Carlos Uy
      5. William L. Ang
      6. Jose Feria, Jr. (Independent Director)
      7. David Ng (Independent Director)

c. Election of the following incumbent members of the Board of Directors including the independent directors for the ensuing year:

      1. William Carlos Uy
      2. Jose S. Jalandoni
      3. Jose Ma. S. Lopez
      4. John Carlos Uy
      5. William L. Ang
      6. Jose Feria, Jr. (Independent Director)
      7. David Ng (Independent Director); and

d. Election and Appointment of the external auditor.

The Stockholders will be asked to approve the engagement of Sycip Gores Velayo & Co as the Company's external auditor for the ensuing fiscal year.

Item 19. **Voting Procedures**

Vote required for approval

All matters subject to vote, except in cases where the law provides otherwise, shall be decided by the affirmative vote of the issued and outstanding capital stock entitled to vote and represented at the annual stockholders' meeting. The representation of the stockholders during the meeting shall either be in person (through remote communication), through proxy, or voting in absentia.

For election of directors, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many candidates as he shall see fit.

Method by which votes will be cast and counted

A stockholder may vote through proxy in writing, signed by the stockholder concerned, and in the form provided for in this Information Statement. The proxy issued by a corporate stockholder must be supported by a notarized Secretary's Certificate signed by the Corporate Secretary of the corporate stockholder. Such proxies may be sent electronically to LPCCorporatesecretary@picazolaw.com, or mailed to the office of the Company.

A stockholder may vote electronically in absentia using the online web address that will be provided to him/her upon the completion and successful verification. A stockholder that casts his vote in absentia shall be deemed present for the purpose of determining a quorum.

Opportunity to ask questions

Before a matter is put to vote by the Chairman of the Board, the Stockholders shall be given an opportunity to ask questions and raise concerns regarding the matters that are up for vote. Such questions shall be recorded and taken note of by the Corporate Secretary.

Participation of the Stockholders via Remote Communication and Voting In Absentia

Before a stockholder can participate via remote communication and/or vote in absentia, the stockholder must first register and be authenticated. The procedure for authentication, participation through remote communication and voting in absentia is attached as ANNEX "A".

Item 20. **Participation of Stockholders by Remote Communication**

Stockholders will be allowed to participate in the meeting via remote communication and voting in absentia. The Procedures that stockholders must follow for authentication and registration are contained in Annex "A".

Item 21: **Acceptance of Stockholder Proposals on Agenda Items**

Stockholders of record as of the record date owning at least 5% or the total outstanding capital stock of the Company may submit proposals on items for inclusion in the agenda on or before July 19, 2023.

PART II.

INFORMATION REQUIRED IN A PROXY FORM
(This form shall be prepared in accordance with paragraph (5) of SRC Rule 20)

Item 1. ***Identification***

The solicitation is being made by the Company for the purpose of obtaining the necessary quorum for the Annual Stockholders' Meeting and having the matters subject of said meeting approved and/or ratified by the stockholders, namely: (1) approval of minutes of the previous meeting; (2) ratification of the acts and proceedings of the Board of Directors and Corporate Officers; (3) Amendment to the Articles of Incorporation to reclassify the preferred shares to common shares and increase authorized capital stock; (4) Declaration of Stock Dividends; (5) Amendment of the By-Laws to change the meeting date of the Board of Directors; (6) Appointment of an External Auditor; (7) Election of Directors; (8) Other matters; and (9) Adjournment.

The Chairman of the Company, Mr. William Carlos Uy will be constituted as the true and lawful attorney of a stockholder of record of the Company to vote in the name, place and stead of the said stockholder at the Annual Stockholders' Meeting on July 26, 2023.

Item 2. ***Instruction***

The Proxy Form shall be accomplished in accordance with the instructions set out in the Proxy Form, by means of marking the appropriate box for an action in an item. In the case of election of directors of the Company, a stockholder may withhold authority to vote for any of the nominees by lining through or striking out the name/s of the nominee/s. In which case, the total votes of the stockholder shall be divided equally among the remaining nominees.

If this Proxy is returned without a choice having been made in any or all of the above items, the proxy is authorized to vote all the stockholder's shares at the proxy's discretion. In which case, the proxy shall vote for the approval of all the matters and for the election of all the nominees mentioned in the Proxy Form.

In addition, the proxy is granted discretionary powers as to other matters incidental to the conduct of the meeting.

The Proxy Form shall be validated by means of cross-checking the signature of the stockholders against the signature cards with the Company's stock transfer agent. In the event the Proxy Form needs further validation, verification shall be made with the stockholder concerned itself.

The validation must have been confirmed by the Company at least seven (7) days prior to the date of the meeting.

The matters to be taken up in the meeting are as follows:

1. Approval of the Minutes of the 2022 Annual Stockholders' Meeting
2. Ratification of all Acts and Proceedings of the Board of Directors and Corporate Officers
3. Amendment of the Articles of Incorporation to Reclassify the Preferred Shares to Common Shares and Increase Authorized Capital Stock
4. Declaration of Stock Dividends
5. Amendment of the By-Laws to change the meeting date for the regular board meeting of the Board of Directors
6. Election of the following nominated persons as members of the Board of Directors of the Company:

    a. WILLIAM ANG
    b. JOSE A. FERIA, JR. (Independent Director)
    c. JOSE S. JALANDONI

d. JOSE MA. S. LOPEZ
e. DAVID NG (Independent Director)
f. JOHN CARLOS UY
g. WILLIAM CARLOS UY

A stockholder may withhold authority to vote for any of the nominees by lining through or striking out the name/s of the nominee/s. In which case, the total votes of the stockholder shall be divided equally among the remaining nominees.

7. Appointment of the External Auditors
8. Other Matters
9. Adjournment

Item 3. **Revocability of Proxy**

The person giving the proxy has the right to revoke the proxy by personal appearance or execution of a proxy at a later date, subject to the pertinent requirements of the law and SEC Circular Number 5, Series of 1996.

Item 4. **Persons Making the Solicitation**

The solicitation is being made by the Company for the purpose of obtaining the necessary quorum for the annual stockholders meeting and having the matters subject of said meeting approved and/or ratified by the stockholders, namely: (1) approval of minutes of the previous meeting; (2) ratification of the acts and proceedings of the Board of Directors and Corporate Officers; (3) Amendment to the Articles of Incorporation to increase authorized capital stock; (4) Declaration of Stock Dividends; (5) Amendment of the By-Laws to change the meeting date of the Board of Directors; (6) Appointment of an External Auditor; (7) Election of Directors; (8) Other matters; and (9) Adjournment.

None of the Company's directors have manifested any intention of opposing any action intended to be taken by the Company during the scheduled Annual Stockholders' Meeting.

All costs of solicitation for proxies including the costs of engaging messengerial and courier services shall be borne by the Company. Except for the costs incidental to the preparation and sending out of notices and proxies, the Company has not paid nor engaged any other employee or solicitor to undertake the solicitation of proxies. The cost of solicitation, which is approximately PhP30,000.00 will be borne by the Company.

Item 5. **Interest of Certain Persons in Matters to be Acted Upon**

None of the members of the board of directors or senior management have any substantial interest in the matters to be acted upon by the stockholders in the Annual Stockholders Meeting.

As of May 31, 2023, the board of directors and senior management, as a group, own 50,839,897 common shares which is approximately 0.02% of the outstanding common stock.

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on July 5, 2023.

MA. ADELINA S. GATDULA
Corporate Secretary

A copy of SEC Form 17-A may be provided free of charge to any stockholder upon written request to the Company

ANNEX "A"

PROCEDURE FOR PARTICIPATION IN THE 2023 ANNUAL STOCKHOLDERS' MEETING OF LIBERTY PROPERTIES CORPORATION THROUGH REMOTE COMMUNICATION AND VOTING IN ABSENTIA

To abate the spread of COVID-19 and to ensure the safety and wellbeing of our stockholders, the 2023 Annual Meeting will be held via remote communication and voting *in absentia* - no physical attendance at the meeting shall be allowed.

Stockholders who intend to participate in the meeting should send their intention as well as the registration requirements, provided below, to LPCCorporatesecretary@picazolaw.com. Upon receipt of a stockholder's email, the corporate secretary shall verify the identity of the stockholders following the procedure below. If the registration and verification is successful, the corporate secretary shall send, via electronic mail, access to the website links for the broadcast of the Annual Meeting and the voting portal.

The 2023 Annual Meeting shall be broadcast via Zoom, with voting shall done using Microsoft Forms. In the interest of information security, the link for the meeting shall not be made public and shall be sent privately to Stockholders who have successfully registered.

Procedure for Participation via Remote Communication and Voting *in Absentia*

The following procedure shall be observed for the participation and voting for the 2023 Annual Stockholder's Meeting of the Company:

1. Stockholders as of July 6, 2023, are entitled to participate and vote at the 2023 Annual Stockholder's Meeting. If the stockholder intends to participate through such means, he/she **must register and submit the requirements for registration** via electronic mail on or before July 12, 2023, at 5:00 p.m. to the following email address: LPCCorporatesecretary@picazolaw.com.

2. The requirements for registration for individual stockholder are as follows:
   a. A recent photo of the stockholder, with the face fully visible;
   b. A scanned copy of the front and back portions of the Stockholder's valid government issued ID;
   c. Valid and active email address; and
   d. Valid and active contact number.

3. The requirements for registration for stockholders with joint accounts is as follows:
   a. The requirements contained in number 2 above; and
   b. A scanned copy of an authorization letter signed by all the stockholders, identifying who among them is authorized to participate and cast a vote for their account.

4. The requirements for registration for stockholders under broker accounts is as follows:
   a. The requirements contained in number 2 above; and
   b. A broker's certification on the Stockholder's number of shareholdings.

5. The requirements for the registration of corporate stockholders is as follows:
   a. Secretary's certificate which shall provide the following: (a) name of the representative; and (b) that the representative is authorized to participate in the 2023 Annual Stockholders' Meeting and vote for and on behalf of the corporation;
   b. A recent photo of the authorized representative, with the face fully visible;
   c. A scanned copy of the front and back portions of the authorized representative's valid government issued ID;
   d. Valid and active e-mail address of the authorized representative; and
   e. Valid and active contact details of the Stockholder's authorized representative.

6. Once a Stockholder has successfully registered and verified, the Corporate Secretary shall send an email to such Stockholder's indicated valid active email address containing the following on or before July 20, 2023:
    a. The link which will be used to broadcast the meeting, and
    b. The link where votes will be cast.

7. The meeting will be broadcast via Zoom and the voting shall be conducted through the use of Microsoft Forms.

8. The *In Absentia* voting shall be open beginning July 20, 2023, at 9:00 a.m. and shall close on July 26, 2023, at 3:00 p.m.

9. Stockholders who have notified the company of their intention to participate in the annual meeting via remote communication and those that have voted *in absentia* shall be counted for purposes of determining a quorum.

10. Each stockholder participating in the annual meeting via remote communication must identify him/her/itself using the name of the registered stockholder as appearing in the stock and transfer book of the Company.

11. To ensure the quality of the presentation of the Annual Report of the President and Chairman, all participants of the meeting should be on mute. Stockholders who are not on mute may be placed on mute by the meeting administrator. Once the open floor begins, the participants may unmute their devices to ask their questions. Alternatively, questions may be asked through the chat box of the video conferencing platform.

12. **The meeting shall be recorded.**

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **DAVID NG.**, Filipino, of legal age, and a resident of 10 Banaba Circle, South Forbes Park, Makati City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of LFM Properties Corporation (LPC);

2. I am currently affiliated with the following companies or organizations:

COMPANY/ ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Sandalfold Estate Development Corporation	Corporate Secretary	13 Years
New RTC International Co., Inc.	General Manager	26 Years
Dollkit Trading Corp.	President	10 Years
Mindaire Trading Corp	President	9 Years

3. I possess all the qualifications and none of the disqualifications to serve as an independent director for LPC, as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and Regulations;

4. I am related to the following director/officer/ substantial shareholder of LFM other than the relationship provided for under Rule 38.2.3 of the Securities Regulation Code.

NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative proceeding;

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.

7. I shall inform the Corporate Secretary of LFM of any changes in the abovementioned information within five (5) days from its occurrence.

Done this ___ day of 03 JUL 2023, at City of Makati.

DAVID NG
Affiant

SUBSCRIBED AND SWORN to before me this 03 JUL 2023 day of ______ at City of Makati City, affiant personally appeared before me and exhibited to me his TIN No. 119-867-317.

Doc. No. 298 ;
Page No. 61 ;
Book No. I ;
Series of 2023.

RICHMOND JERRY L. ALIANAN
Notary Public for Makati City
Appointment No. M-276
Until December 31, 2023
Roll No. 78258
IBP No.266691-1.04.23-Makati
PTR No. 9566238-1.3.2023-Makati
8th Floor DPC Place
2322 Chino Roces Avenue, Makati City

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **JOSE A. FERIA JR.**, Filipino, of legal age, and a resident of 44 Juan Luna St. San Lorenzo Village Makati City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of LFM Properties Corporation (LPC);

2. I am currently affiliated with the following companies or organizations:

COMPANY/ ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Feria Tantoco Daos Law Offices	Senior Partner	45 Years
Cyan Management Corporation	Chairman	18 Years
Directories of the Philippines Corporation	Vice Chairman	12 Years
Premiere Travel and Tours, Inc.	Chairman	31 Years
Spencer Food Corporation	Chairman	11 Years
Vinnel Belvoir Corporation	Chairman	15 Years
EYP.PH Corporation	Director	21 Years
Assessment Analytics	Director	14 Years
Macawiwili Gold Mining & Development Corporation	Director	22 Years
HL & F Management Corp.	Director	37 Years
Telephilippines, Inc.	Director	26 Years

3. I possess all the qualifications and none of the disqualifications to serve as an independent director for LPC, as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and Regulations;

4. I am related to the following director/officer/ substantial shareholder of LFM other than the relationship provided for under Rule 38.2.3 of the Securities Regulation Code.

NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative proceeding;

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances; and

7. I shall inform the Corporate Secretary of LPC of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 2 3 day of MAY 2023, at City of Makati.

JOSE A. FERIA JR.
Affiant

SUBSCRIBED AND SWORN to before me this 2 3 day of MAY 2023 at City of Makati City, affiant personally appeared before me and exhibited to me his/her TIN No. 107-793-449 issued at ____________ on ____________ as competent evidence of his/her identity.

Doc. No. 265 ;
Page No. 54 ;
Book No. I ;
Series of 2023.

TANYA GAYE R. IÑIGO
Notary Public for Makati City
Appointment No. M-144
Until December 31, 2024
Roll Number 77150
IBP No. 266806-1.4.23-PPLM
PTR No. 9566239-1.3 2023-Makati
8th Floor DPC Place
2322 Chino Roces Avenue, Makati City

MANAGEMENT REPORT

OF

LFM PROPERTIES CORPORATION

AUDITED FINANCIAL STATEMENTS

The Company's audited Financial Statements for the year ended December 31, 2022 follows this Management Report.

CHANGES IN AND DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING DISCLOSURE

There have been neither changes in nor disagreements with accountants on accounting and financial disclosure.

The Company paid P500,000 excluding of VAT and OPE for the audit.

In the selection of auditors, the audit committee give nominations to the Board which, the Board along with the stockholders select and approve during the annual stockholders' meeting.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

The selected financial information of the Company set forth below are derived from the audited financial statements submitted by Sycip Gorres Velayo & Co. for 2022:

Income Statement Data

For the Year December 31
(in Thousands of Pesos)

	2022	2021	2020
Income	₱232,918	₱307,418	₱288,316
Expense	(274,808)	(138,881)	(168,019)
Income Before Tax	(41,890)	168,537	120,297
Provision for Tax	(4,092)	(18,608)	(22,854)
Net Income	₱(45,982)	₱149,929	₱97,443

Balance Sheet Data

	As of December 31 (in Thousands of Pesos)		
	2022	**2021**	**2020**
Assets:			
Cash	₱43,064	₱46,759	₱39,672
Receivables	29,339	5,428	21,552
Financial assets at FVPL	121,714	180,449	81,937
Accrued rent - current	1,813	1,203	4,647
Prepaid expenses and other current assets	3,263	5,934	1,330
Investment properties	814,183	856,158	706,674
Advances to a related party	130,000	-	-
Financial assets at fair value through OCI	116,911	156,719	190,071
Accrued rent – noncurrent	7,830	77,405	54,399
Net retirement plan asset	6,587	13,076	5,257
Property and equipment	2,061	2,112	450
Other noncurrent assets	20,258	22,574	3,204
Total Assets	**₱1,297,023**	**₱1,367,817**	**₱1,109,193**
Liabilities:			
Notes payable – current portion	₱323,610	₱136,656	₱580,000
Accounts payable and other current liabilities	35,389	35,160	13,468
Deposits on long-term leases – current	34,667	12,726	10,377
Unearned rental income – current	4,723	4,654	4,818
Income tax payable	5,196	1,163	1,213
Notes payable – non-current	307,191	443,801	-
Payable to a related party	37,730	37,730	89,730
Deposits on long-term leases - noncurrent	8,102	18,604	19,974
Deferred tax liabilities	2,714	21,914	18,377

Unearned rental income – noncurrent	786	8,355	9,777
Other noncurrent liability	142,730	162,176	-
Total Liabilities	**₱902,838**	**₱882,939**	**₱747,734**
Stockholders' Equity			
Capital stock – P0.01 par value Issued – 25 billion shares	₱250,000	₱250,000	₱250,000
Fair value changes on financial assets at FVOCI	(137,263)	(97,456)	(64,104)
Accumulated remeasurement gains (losses) on retirement benefits	8,668	13,572	6,729
Retained earnings – unappropriated	272,780	318,762	168,834
Total Stockholders' Equity	**₱394,185**	**₱484,878**	**₱361,459**
Total Liabilities and Stockholders' Equity	**₱1,297,023**	**₱1,367,817**	**₱1,109,193**

2023

Management Discussion and Analysis of the Financial Condition and Results of Operations for the 1st Quarter of 2023

The Company generated total gross revenues of ₱41.5 million for the first quarter ended March 31, 2023, a decrease of 26% from ₱55.7 million total gross revenues for the first quarter ended March 31, 2022 this is primarily due to the pretermination of rental lease contract of one of the major tenants of the Company.

Cost of rental services amounted to ₱20.7 million versus to ₱19.1 million last year, with an increase of 9% or ₱1.6 million primarily due to the increase in electricity charges.

General and administrative expenses amounted to ₱5.6 million, a slight increase of 4% versus last year's of ₱5.3 million.

Other income (expenses) net amounted to (₱30.8) million, up by ₱14.7 million or 32% from same period last year. The increase was mainly due to ₱15.5 million increase in fair value changes of financial assets as of March 31, 2023, Increase in gain on sale financial assets FVTPL amounting ₱1.5 million offset by increased of ₱2.3 million Interest expense due to availment of loan during the period ended March 31, 2023.

Financial Condition

Total Assets of the Company as of March 31, 2023 stood at ₱1.361 billion, an increase of 5% or ₱63.5 million from ₱1.297 million as of December 31, 2022.

Cash and cash equivalents decreased by 57% or ₱24.6 million was mainly due to uncollected receivables.

The increase in Receivables by ₱24.1 million or 82% was mainly due to ₱17.9 deposit to company's agent of marketable securities and uncollected receivables from one of the major tenants of the company which was collected during the first week of April 2023. Other Current Assets increased by 500% or ₱16.3 million. The increase is due to prepayments of real estate taxes for the year 2023.

The decrease in Investment Properties - net by ₱5.8 million was primarily due to depreciation of existing Investment Properties offset by ₱4.8 million additions to investment properties.

Total Liabilities of the Company as of March 31, 2023 amounted to ₱980.7 million increased by 9% or ₱77.9 million from 2022 of ₱902.8 million. The increase is primarily due to availment of loan for the deposit related to the acquisition of the land and building from a related party.

Total Equity stood at ₱379.8 million as of March 31, 2023, versus ₱394.2 million as of December 31, 2022. The Company generated Net loss of ₱17.1 million during the three months ended March 31, 2023 primarily because of the decrease in rental income due to the pretermination of rental lease contract of one of the major tenants of the Company.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company. There are no seasonal aspects which had a material effect on the Company's financial condition or results of operation.

Further discussion of material changes in amount of accounts with 5.0% or more change:

Accounts Receivable – The increase is due deposit to company's agent of marketable securities and uncollected receivables from one of the major tenants of the company which was collected during the first week of April 2023.

Financial Assets at FVPL – The decrease is due to mark to market adjustment at March 31, 2023.

Financial assets at fair value through other comprehensive income (FVOCI) – The increase is due to mark to market adjustment at March 31, 2023.

Accounts payable and other current liabilities – The decrease is due to payment of current portion of the liabilities in relation to the acquisition of the Nuvali lot and other payables of the company.

Income tax payable – The increase is due to higher recognition of income tax payable the first quarter of 2023.

Notes payable – The increase is due to availment of loan for the deposit related to the acquisition of the land and building from a related party.

Deposits on longterm lease - The increase is due to collection of deposit from new tenants.

Unearned rental income current and non current – The increase is due to collection of unearned rental income during the year.

Retained earnings – The decrease is due primarily due to decrease in rental income due to the pretermination of rental lease contract of one of the major tenants of the Company.

Management Discussion and Analysis of the Financial Condition and Results of Operations for the 2nd Quarter of 2023

The Company generated total gross revenues of ₱87.5 million for the six months ended June 30, 2023, a decrease of 23% from ₱113.2 million total gross revenues from last year same period, this is primarily due to the pretermination of rental lease contract of one of the major tenants of the Company.

Cost of rental services amounted to ₱42.8 million versus to ₱38.0 million last year, with an increase of 13% or ₱4.8 million primarily due to the increase in electricity charges and outside services.

General and administrative expenses amounted to ₱11.9 million, a slight increase of 9% versus last year's of ₱11.0 million. The increase is primarily due to professional fee paid to KPMG for the fairness opinion issued relative to the acquisition of Liberty Building.

Other income (expenses) net amounted to (₱53.9) million, up by ₱12.0 million or 18% from same period last year. The increase was mainly due to ₱19.7 million increase in fair value changes of financial assets as of June 30, 2023 offset by increased of ₱7.2 million Interest expense due increase in interest rate and availment of loan during the period ended June 30, 2023.

Financial Condition

Total Assets of the Company as of June 30, 2023 stood at ₱1.333 billion, an increase of 3% or ₱35.5 million from ₱1.297 million as of December 31, 2022.

Cash and cash equivalents decreased by 74% or ₱31.9 million primarily due to decrease in rental income.

The decrease in Receivables by ₱11.7 million or 40% was mainly due collection of receivables.

Other Current Assets increased by 317% or ₱10.3 million. The increase is due to prepayments of real estate taxes and insurance for the year 2023.

The decrease in Investment Properties - net by ₱12.9 million was primarily due to depreciation of existing Investment Properties net of ₱8.4 million capital expenditures.

Total Liabilities of the Company as of June 30, 2023 amounted to ₱936.8 million increased by 4% or ₱33.9 million from 2022 of ₱902.8 million. The increase is primarily due to availment of loan for the deposit related to the acquisition of the land and building from a related party.

Total Equity stood at ₱395.8 million as of June 30, 2023, versus ₱394.2 million as of December 31, 2022. The Company generated Net loss of ₱24.1 million during the six months ended June 30, 2023 primarily because of the decrease in rental income due to the pretermination of rental lease contract of one of the major tenants of the Company.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company. There are no seasonal aspects which had a material effect on the Company's financial condition or results of operation.

Further discussion of material changes in amount of accounts with 5.0% or more change:

Accounts Receivable – The decrease is due to collection of receivables as of June 30, 2023.

Financial Assets at FVPL – The decrease is due to mark to market adjustment at June 30, 2023.

Financial assets at fair value through other comprehensive income (FVOCI) – The increase is due to mark to market adjustment at June 30, 2023.

Other current assets- The increase is due to prepayments of real estate tax and insurance.

Accounts payable and other current liabilities – The decrease is due to payment of current portion of the liabilities in relation to the acquisition of the Nuvali lot and other payables of the company.

Income tax payable – The decrease is due to lower income tax for the period because of decrease in rental income.

Notes payable Current – The increase is due to availment of loan for the deposit related to the acquisition of the land and building from a related party.

Notes payable NonCurrent – The decrease is due to payment of term loan.

Unearned rental income current and non current – The increase is due to collection of unearned rental income during the year.

Retained earnings – The decrease is due primarily due to decrease in rental income due to the pretermination of rental lease contract of one of the major tenants of the Company.

2022

Results of Operations

The Company generated total gross revenues of ₱230.7 million for the year ended December 31, 2022, a slight increase of 3% from ₱223.7 million total gross revenues for the year ended December 31, 2021 this is due to a higher rent discount/rent concession given last year.

As a result of the COVID-19 pandemic, the Company provided rent concessions to its tenants in the form of deferment of payments, two-month rent-free periods and discounts in 2022 and 2021. Certain lease agreements were also pre-terminated. The Company accounted for the deferment of payment, rent-free periods and discounts provided as not a lease modification since there were no substantive changes to the terms and conditions of the lease; while the shortening of lease period were treated as lease modifications. The rent concessions resulted to a reduction in rental income amounting to ₱2.7 million and ₱5.5 million in 2022 and 2021, respectively Lease termination resulted in a decrease in accrued rent amounting to ₱84.7 million and ₱2.9 million in 2022 and 2021, respectively, and rental income amounting to ₱nil and ₱2.4 million in 2022 and 2021, respectively.

Cost of rental services amounted to ₱77.3 million versus to ₱77.7 million last year, with a very minimal decrease of ₱0.4 million.

General and administrative expenses amounted to ₱25.4 million, 2% lower than last year's ₱25.9 million or ₱0.5 million.

Other income (expenses) net amounted to ₱(169.9) million, down by ₱218.3 million or 451% from same period last year. The decrease was mainly due to ₱141.3 million decrease in fair value changes of financial assets as of December 31, 2022 and loss on pretermination of lease contract of ₱85.4 million. Interest expense however, decreased by ₱2.8 million due to partial payment of loan principal.

Financial Condition

Total Assets of the Company as of December 31, 2022 stood at ₱1.297 billion, a decrease of 5% or ₱71 million from ₱1.368 million as of December 31, 2021.

Cash and cash equivalents decreased by 8% or ₱3.7 million was mainly due uncollected receivables.

The increase in Receivables by ₱24 million or 441% was mainly due to uncollected receivable of as of December 31, 2022 from one of the major tenants of the company which was collected during the first week of April 2023.

Other Current Assets decreased by 45% or ₱2.7 million. The decrease is due to utilization of input VAT ₱2.6 million during the year.

The decrease in Investment Properties - net by ₱42 million was primarily due to depreciation of existing Investment Properties.

Total Liabilities of the Company as of December 31, 2022 amounted to ₱902.8 million increased by 2% or ₱19.9 million from 2021 of ₱882.9 million. The increase is primarily due to increase of company's notes payable amounting to ₱50 million net of payments, Deposits on longterm leases increased by ₱3.9 received from new tenants, offset by decreased in deferred tax income tax liability of ₱19.2 from accrued rent, ₱19.5million payment of payable in relation to acquisition of Nuvali lot and increase in income tax payable of ₱4.0 million.

Total Equity stood at ₱394.2 million as of December 31, 2022, versus ₱484.9 million as of December 31, 2021. The Company generated net loss of ₱46.0 million for the year ended December 31, 2022 primarily because of fair value changes of financial assets at fair value through profit and loss amounting to ₱58.8 million and ₱85.4 loss on pretermination of lease contract of one of the company's major tenants.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company. There are no seasonal aspects which had a material effect on the Company's financial condition or results of operation.

Further discussion of material changes in amount of accounts with 5.0% or more change:

Accounts Receivable – The increase in account is mainly due to uncollected receivable of as of December 31, 2022 from one of the major tenants of the company.

Financial Assets at FVPL – The decrease is due to mark to market adjustment at December 31, 2022.

Accrued Rent – The decrease is primarily due to pretermination of lease contract of one of the major tenants of the Company

Deposit – This is the deposit related to the acquisition of the land and building from a related party.

Financial assets at fair value through other comprehensive income (FVOCI) – The decrease is due to mark to market adjustment at December 31, 2022.

Notes payable – The increase is due to availment of additional loan for the deposit of the acquisition of land and building from a related party.

Income tax payable – The decrease is due to higher recognition of income tax payable the year 2022.

Deposits on longterm lease - The increase is due to collection of deposit from new tenants.

Unearned rental income current and non current – The decrease is due to pretermination of lease contract during the year.

Deferred tax Liability – The decrease is primarily due to pretermination of lease contract of one of the major tenants of the company.

Retained earnings – The decrease is due primarily of fair value changes of financial assets at fair value through profit and loss amounting to ₱58.8 million ₱85.4 loss on pretermination of lease contract of one of the company's major tenants

2021

Results of Operations

The Company generated total gross revenues of ₱223.7 million for the year ended December 31, 2021, a slight decrease of 3% from ₱229.9 million total gross revenues for the year ended December 31, 2020.

As a result of the COVID-19 pandemic, the Company provided rent concessions to its tenants in the form of deferment of payments, two-month rent-free periods and discounts in 2021 and 2020. Certain lease agreements were also pre-terminated. The Company accounted for the deferment of payment, rent-free periods and discounts provided as not a lease modification since there were no substantive changes to the terms and conditions of the lease; while the shortening of lease period were treated as lease modifications. The rent concessions resulted to a reduction in rental income amounting to ₱5.5 million and ₱4.1 million in 2021 and 2020, respectively. Lease termination resulted in a decrease in accrued rent amounting to ₱2.9 million and ₱0.3 million in 2021 and 2020, respectively, and rental income amounting to ₱2.4 million and ₱1.0 million in 2021 and 2020, respectively.

Cost of rental services amounted to ₱77.7 million versus to ₱106.2 million last year, a decrease of ₱28.5million is primarily due to real estate tax in 2019 that was paid in 2020.

General and administrative expenses amounted to ₱25.9 million, 4% lower than last year's ₱27.1 million a slight decrease of ₱1.2 million was primarily due to decrease in professional fees paid during the year.

Other income (charges) net amounted to ₱48.4 million, up by ₱24.8 million or 105% from same period last year. The increase was mainly due to ₱25.5 million increase in fair value changes of financial assets as of December 31, 2021, increase of dividend income from the investment in stock of ₱0.5million, interest expense decreased by ₱4.1 million due to decrease in interest rate. The company, however, recognized a loss on loan modification amounting to ₱5.0 million.

Financial Condition

Total Assets of the Company as of December 31, 2021 stood at ₱1.368 billion, an increase of 23% or ₱259 million from ₱1.109 billion as of December 31, 2020. The increase is primarily due to the cost of Nuvali Lot acquired by the Company during the year amounting to ₱214 million including deferred input VAT.

Cash of the Company as of December 31, 2021 is ₱46.8 million versus ₱39.7 million last year a slight increase of ₱7 million.

The decrease in Receivables by 75% or ₱16.1 million was mainly attributable to the collection of receivables from broker of amounting to ₱13.5 million

Other Current Assets increased by 346% or ₱4.6 million was due ₱2.6 million balance of input value-added tax after offsetting the output value-added tax and ₱2.2million deferred input tax from the acquisition of Nuvali Lot.

The increase in Investment Properties - net by ₱149 million was to the cost of Nuvali Lot acquired by the Company during the year net of depreciation of the existing Investment Properties.

Total Liabilities of the Company as of December 31, 2021 amounted to ₱882.9 million increased by 18% or ₱135.2 million from 2020 of ₱747.7 million. The increase is primarily due to the liability recognized by the company relative to the acquisition of Nuvali Lot.

Total Equity stood at ₱484.9 million as of December 31, 2021, versus ₱361.5 million as of December 31, 2020. The Company generated Net Income of ₱149.9 million during the twelve months ended December 31, 2021.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company. There are no seasonal aspects which had a material effect on the Company's financial condition or results of operation.

Further discussion of material changes in amount of accounts with 5.0% or more change:

Accounts Receivable – The decreases of 75% is due to high collections as of December 31, 2021.

Financial Assets at FVPL – The increase of 120% is due to mark to market adjustment at December 31, 2021.

Accrued Rent – The increase is primarily due to adjustment made on the recognition of rental income using straight line method based on the terms of the lease agreement per PAS 17 on Lease.

Other current Assets - The increase is due to unused input VAT and deferred input VAT from the acquisition of the Nuvali lot.

Financial assets at fair value through other comprehensive income (FVOCI) – The decrease is due to mark to market adjustment at December 31, 2021.

Investment properties – the increase is due to Nuvali Lot acquired by the Company during the year.

Other Noncurrent assets – Increase is due to non current portion of deferred input VAT from the acquisition of the Nuvali lot.

Accounts payable and other current liabilities – Increase is primarily due to the liability recognized by the company relative to the acquisition of Nuvali Lot

Deposits on longterm lease - The increase is due to collection of deposit from new tenants.

Payable to related party – The decrease is due to payment to related party on the acquisition of Air rights.

Deferred tax Liability – The increase is due is primarily due to increase in accrued rent and accrued retirement.

Retained earnings – The increase is due to income posted during the year and ₱82.5 million fair value changes of financial assets at fair value through profit and loss.

2020

Results of Operations

The Company generated total gross revenues of ₱229.9 million for the year ended December 31, 2020, an increase of 29% from ₱178.6 million total gross revenues for the year ended December 31, 2019. The increase in rental revenues was mainly attributable to rental income generated from Liberty Center Plaza for twelve (12) months versus of only seven (7) months in the year 2019. EBIT increased by 48% or ₱50.02 million while EBITDA posted a 36% or ₱52.4 million increase.

Cost of rental services amounted to ₱106.2 million in 2020, higher by 80% from the same period last year. The increase was due primarily to real estate tax and depreciation expense for Liberty Plaza Building and increase in operational cost such as communication, light and water.

General and administrative expenses amounted to ₱27.1 million in 2020, 12% lower than the ₱30.7 million in year 2019 due to commission fee paid in year 2019 to real estate agents for acquiring new tenants for Liberty Plaza Building, and documentary stamp tax paid to new rental contracts and increase in personnel cost.

Other income (charges) amounted to ₱0.43 million in 2020, up by ₱0.43 million or 100% from same period in year 2019. The increase was mainly due to electric and water consumption charged to tenants.

As a result of the COVID-19 pandemic, the Company provided rent concessions to its tenants in the form of deferment of payments, two-month rent-free periods and discounts in 2020. Certain lease agreements were also pre-terminated. The Company accounted for the deferment of payment, rent-free periods and discounts provided as not a lease modification; while the shortening of lease period were treated as lease modifications. The rent concessions resulted to a reduction in rental income amounting to ₱4.1 million; while the lease termination resulted to a decrease in accrued rent and rental income amounting to ₱0.3 million and ₱1.0 million respectively, as of and for the year ended December 31, 2020.

Financial Condition

Total Assets of the Company as of December 31, 2020 stood at ₱1.1 billion, an increase by ₱159.5 million from ₱949.7 million as of December 31, 2019.

Cash increased by 99% or ₱19.7 million in 2020 due to cash generated from operations; offset by loan payments amounting to ₱52.9 million and capital expenditures of ₱10.9 million.

The increase in Receivables by 32% or ₱5.3 million in 2020 was mainly attributable to increase in receivable to broker of marketable securities of ₱5.1 million ₱2.1 million increase in receivable from various tenants and offset by ₱2.0 million collection of advances to officers and employees.

Other Current assets decreased by 94% or ₱20.9 million due to application of input value-added tax against output valueadded tax and creditable withholding to income tax due.

The increase in Investment Properties - net by ₱58.2 million in 2020 was due primarily to ₱99.7 million acquisition of Air rights and ₱0.9 million capital expenditures offset by depreciation of existing Investment Properties of ₱42.5 million

Total Liabilities of the Company as of December 31, 2020 amounted to ₱747.7 million decreased by 7% or ₱46.9 million from 2019 of ₱700.8 million. The decrease is primarily due to payments of ₱52.9 million of loans offset by increase of ₱8.5 million in payables and ₱1.2 million increase in income tax payable.

Total Equity stood at ₱361.5 million as of December 31, 2020, versus ₱248.9 million in year 2019. The Company generated Net Income of ₱97.4 million during the year ended December 31, 2020.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company. There are no seasonal aspects which had a material effect on the Company's financial condition or results of operation.

Further discussion of material changes in amount of accounts with 5.0% or more change:

Accounts Receivable – The increase of 32% is due to lower collections as of December 31, 2020.

Financial Assets at FVPL – The increase of 213% is due to mark to market adjustment at December 31, 2020.

Accrued Rent – The increase is primarily due to adjustment made on the recognition of rental income using straight line method based on the terms of the lease agreement per PAS 17 on Lease.

Other current Assets - The decrease is due to utilization of input VAT and creditable withholding taxes.

Investment properties – The increase is due to acquisition of Air rights from a related party.

Notes payable – The decrease is due to partial payment of loan.

Deposits on longterm lease - The increase is due to collection of deposit from new tenants.

Unearned rental income current and non current – The increase is due to collection of unearned rental income during the year.

Deferred tax Liability – The increase is due is primarily due to increase in accrued rent and accrued retirement.

Retained earnings – The increase is due to income posted during the year and ₱57 million fair value changes of financial assets at fair value through profit and loss.

Summary of 2023 and 2024 Forecasted Financial Statements

The Company has prepared financial projections for the years ending December 31, 2023 and 2024. The Company forecasts its net income to decrease by 2%-66% from its preceding year. This is due to high interest on loans that will be availed in relations to the acquisition of the land and building.

The Company has material commitments for capital expenditures for the year 2023. Spending has actually started in 2022 and full spending might be completed by the end 2023.

As the forecast is based on assumptions about circumstances and events that have not yet occurred and are subject to significant uncertainties beyond the Company's control, there can be no assurance that the forecast will be realized. Actual results may be materially different from those shown in the forecast. Under no circumstances should the inclusion of the forecasted financial statements be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions, or that the Company will achieve or is likely to achieve the particular results.

BUSINESS OF THE COMPANY

LFM Properties Corporation ("Company" or "LPC") is a real estate company incorporated with the Philippine Securities and Exchange Commission ("SEC") on December 18,1995 under its original name, Alfaro Land Holdings Corporation, and was given the SEC Registration Number/Company Reg. No. ASO95-012561. It changed its corporate name to its current name, LFM Properties Corporation, on November 12, 1996, which was approved by the SEC on January 9, 1997.

On October 4, 2005, the SEC approved the Articles and Plan of Merger executed on April 28, 2005 by and between LPC, the surviving corporation, and the following as absorbed corporations namely: LFM Land Corporation and Valero Land Corporation. In the said Merger, the entire assets and liabilities of LFM Land Corporation and Valero Land Corporation were transferred to and absorbed by LPC. Other than the aforementioned merger, the Company has not been involved in any material reclassification, merger, consolidation, purchase, or sale of significant amount of assets not in the ordinary course of business.

There is currently no bankruptcy, receivership or any other similar proceedings involving the Company.

DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

The Articles of Incorporation of the Company provide that the Directors of the Company shall hold office for one (1) year and until their successors are elected and qualified.

The Directors of the Company are as follows:

Name of Directors	Age	Citizenship	Position
William Carlos Uy	81	Filipino	Chairman of the Board
Jose S. Jalandoni	68	Filipino	President and Director
William L. Ang	72	Filipino	Vice President and Treasurer
Jose Ma. S. Lopez	78	Filipino	Director
John Carlos Uy	72	Filipino	Director

David Ng*	61	Filipino	Director
Jose A. Feria Jr.*	75	Filipino	Director

* Independent Director

The Officers and Senior Management of the Company are as follows:

Name	Age	Citizenship	Position
William Carlos Uy	81	Filipino	Chairman
Jose S. Jalandoni	68	Filipino	President
William Ang	72	Filipino	Vice President & Treasurer
Ma. Adelina S. Gatdula	60	Filipino	Corporate Secretary
Ma. Lourdes C. Endozo	40	Filipino	Ass. Corporate Secretary

Following is a brief description of the respective backgrounds of the Company's Directors and Senior Management, who have all been nominated for another term, their respective ages and involvement in other businesses for the past five (5) years:

William Carlos Uy. 81 years old. He serves as the Chairman of the Board of Directors of the Company. He is presently the Chairman of the Board of Directors of Liberty Flour Mills, Inc. and President of Parity Values, Inc., with both corporations being a non-public stockholder of the Company. He also serves as the: (a) President of UPCC Securities Corporation; (b) Vice Chairman of UPCC Holdings Corporation; and (c) Corporate Treasurer of Malayan Bank.

Jose S. Jalandoni. 68 years old. He serves as the Company's President starting April 19, 2021. He is a currently the Chairman of Valueline Realty Development Corp and Unicomm Ingredients Phils Inc, Chairperson of Kanlaon Farms, Inc., Vice Chairman of Enterprise Car Lease Phils Inc, President of Beechwood Corp and Percom OPC., Director, and Audit Committee Member of Liberty Flour Mills, Inc. He also serves as Corporate Secretary of Kanlaon Development Corporation, Piliwood Bacolod Corp, Jayjay Realty Corporation JM & Company, Inc., Assistant Treasurer of JM Profreeze, Assistant Corporate Secretary of JM Brenton. And Director and Officer in Charge in Agchem Manufacturing Corporation.

William L. Ang. 72 years old. He serves as the Company's Vice President and Treasurer starting March 1, 2022. He is a Director of Liberty Flour Mills, Inc. Mr. Ang holds the position of First Vice President and Treasurer of Parity Values, Inc. He is also a stockholder and Treasurer of Trade Demands Corporation and a Director of Securities Clearing Corporation of the Philippines.

Jose Ma. S. Lopez. 78 years old. He serves as the Company's Director. He is presently a Director and Senior Vice President and Treasurer of Liberty Flour Mills, Inc. He is a Director in other corporations including Agchem Manufacturing Corporation and Liberty Commodities Corporation. He is also the Senior Vice President of Lopez Sugar Corporation.

John Carlos Uy. 72 years old. He serves as the Company's Director. He is presently a Director of Liberty Flour Mills, Inc. and Director and the General Manager of Parity Values, Inc., with both corporations being a non-public stockholder of the Company.

David Ng, 61 years old. He serves as the Company's Independent Director. He is presently the President of Merlin Mining Corporation, Lucky Jade Corporation and Cotlesloe Trading Corp. He is also the General Manager of New RTC International Co., Inc., Administrator of Logic Pacific, Inc.

Jose A. Feria Jr., 75 years old. He serves as the Company's Independent Director. He is presently the Senior Partner of Feria Tantoco Daos Law Offices. Atty. Feria holds the Chairman position for the following Companies: Assessment Analytichs, Inc., Cyan Management Corporation, Philippine Multi-media Systems, Inc., MG Exeo Network, Inc., Premiere Travel and Tours, Inc., Spencer Food Corp., Vinnel Belvoir Corp. and Padre Burgos Realty, Inc. He also serves as Vice Chairman of Directories Philippines Corp. Moreover, Atty. Feria is a Director of the following Companies: Liberty Flour Mills, Inc., EYP.PH Corporation, AeroAsia, Inc., HL&F Management Corp., Macawiwili Gold Mining & Development Corporation, Metropolitan Insurance Corp., Montecito Properties, Inc, Padre Burgos, Pru-Life Insurance Corp.-UK, Telephilippines Inc. and lastly, he is the Corporate Secretary of AisAsia Inc., All Asian Counter Tarde, Inc., Felvisol Development Corp. and Sanara Inc.

Ma. Adelina S. Gatdula, 60 years old. She serves as the Company's Corporate Secretary. She graduated from the University of the Philippines with a degree in A.B. Economics, cum laude, and from the University of the Philippines College of Law. She also serves as Director and/or Corporate Secretary of various Philippine corporations engaged in the real estate business, business process outsourcing, and insurance, among others.

Ma. Lourdes Calpo Endozo, 41 years old. She serves as the Company's Assistant Corporate Secretary. She is a Partner at Picazo Buyco Tan Fider & Santos Law Offices, achieved her Juris Doctor from the University of the Philippines College of Law and has been a member of the Philippine Bar since 2009. Atty. Endozo has been a practicing lawyer for the past 13 years and specializes in the areas of mergers and acquisitions, banking and finance, public utilities and infrastructure, bancassurance, education, retail trade, competition law, and real estate and construction.

All the directors and officers of the Company possess a high degree of integrity and character and are fully capable and able to perform their duties as directors and officers, respectively. None of the directors or officers has been declared bankrupt nor has there been any petition filed by or against any of the directors, nor to any businesses of which they were a part of. Nor have any of them been convicted of any crime, domestic or foreign and there are no criminal proceedings presently pending against any of them. Nor have any of them been temporarily or permanently barred, suspended or otherwise limiting any of their involvement in any type of business.

For the training of directors, given that the Company was listed on November of 2022 there was lack of material time to comply with continuing education recommendation. However, the Directors, as directors of Liberty Flour Mills, Inc., for the calendar year 2022, attended a training held on February 8, 2022, by the *Center for Global Best Practices* in their SEC accredited webinar "*Best Practices of Effective Boards*".

Independent Directors

The Nominations Committee of the Company, which was constituted in accordance with the Company's Manual on Corporate Governance, pre-screens and shortlists all candidates in accordance with the Manual on Corporate Governance.

The members of the Company's Nomination Committee are: Jose S. Jalandoni, William L. Ang and Jose A. Feria Jr., with Jose S. Jalandoni presiding as Chairman.

The members of the Company's Audit Committee are: Jose A. Feria, Jr., David Ng, and John Carlos Uy, with Jose A. Feria Jr. presiding as the Chairman.

The members of the Compensation and Remuneration Committee are: David Ng, John Carlos Uy and and Jose S. Jalandoni, with David Ng presiding as Chairman.

Significant Employees

Other than the persons named above, the Company does not expect any other person to make a significant contribution to the business of the Company.

Family Relationships

William Carlos Uy and John Carlos Uy are brothers.

Jose S. Jalandoni, and Jose Ma. S. Lopez are first cousins.

Other than the above, the Company is not aware of any family relationships among the directors, senior management or persons nominated or chosen by the Company to become directors or senior managers.

SECURITY HOLDERS

As of March 31, 2023, there are 481 holders of common shares of stocks of the Company.

The top 20 stockholders of the Company as of March 31, 2023 are as follows:

	Name of Stockholder	Number of Shares held	Percentage
1.)	LIBERTY FLOUR MILLS, INC.	14,649,999,993	58.60%
2.)	PARITY VALUES INC.	4,175,964,939	16.70%
3.)	PCD NOMINEE CORPORATION	3,370,283,096	13.48%
4.)	BACSAY MANAGEMENT CORPORATION	385,692,198	01.54%
5.)	SEBRING MANAGEMENT CORPORATION	215,425,038	00.86%
6.)	E.K.I. TOURIST DEVELOPMENT CORPORATION	197,029,845	00.79%
7.)	L & J AGRICULTURAL INC.	166,831,029	00.67%
8.)	JOSE MORENO JR.	64,051,113	00.26%
9.)	EDUARDO S. LOPEZ JR.	63,167,292	00.25%
10.)	AMELIA KALAW PULMONES	63,039,297	00.25%
11.)	CARVINA FARMS INC.	53,124,480	00.21%
12.)	PAULA K. FERIA	50,860,728	00.20%
13.)	ERWIN M. FAJARDO	48,116,253	00.19%
14.)	REGINA KALAW	43,340,004	00.17%
15.)	JOSE MA. S. LOPEZ	43,088,086	00.17%
16.)	NORMA YU GALAN	36,207,405	00.14%
17.)	ERIC FAJARDO	36,003,924	00.14%
18.)	MARIA TERESA V. JAVELLANA	35,155,017	00.14%
19.)	FELIX R. MARAMBA III	33,667,446	00.13%
20.)	MA. CRISTINA V. QUIROS	32,798,736	00.13%

MARKET FOR COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

<u>Stock Information</u>

The shares of the Company consist of preferred and common shares. The common shares are presently listed and traded in the Philippine Stock Exchange. The high and low sales prices for the shares of the Company for each quarter within the last two fiscal years are as follows:

2023	**High**	**Low**	**Close on Last Applicable Trading Day of the Quarter**
First Quarter	0.135	0.087	0.104
2022	**High**	**Low**	
First Quarter	No data Available	No data Available	No data Available
Second Quarter	No data Available	No data Available	No data Available
Third Quarter	No data Available	No data Available	No data Available
Fourth Quarter	0.75	0.11	0.13
2021	**High**	**Low**	
First Quarter	No data Available	No data Available	No data Available
Second Quarter	No data Available	No data Available	No data Available
Third Quarter	No data Available	No data Available	No data Available
Fourth Quarter	No data Available	No data Available	No data Available

** NOTE: THE UNAVAILABILITY OF TRADING DATA IS DUE TO LPC'S LISTING BEING NOVEMBER 2022*

Market Information (Latest Practicable Trading Date)	
Date	July 4, 2023
Open	0.086
High	0.086
Low	0.078
Close	0.078
Volume	50,000
% Change	-9.30%

Dividends

Dividend Policy and Rationale for Dividend Declaration

The Company's By-laws provide that dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property or stock to all stockholders on the basis of outstanding stock held by them, as often and at such times as the Company's Board of Directors may determine and in accordance with law and applicable rules and regulations. Furthermore, whether dividends will be declared is dependent on the performance of the Company, its cash position, presence of retained earnings, and whether such retained earnings are foreseen to be used for business purposes.

Cash Dividends

No Cash Dividends is paid during the 2022 fiscal year due to losses.

Stock Dividends

At a meeting of the Board of Directors held on December 21, 2022, the declaration of 60% stock dividends equivalent to PhP150,000,000.00. Of such PhP150,000,000.00 dividend, PhP50,000,000 worth of shares shall be used to fully subscribe to the existing unissued shares of the Company, while the remaining PhP100,000,000.00 shall be used as the subscription and payment for the Corporation's increase in authorized capital stock.

The foregoing is subject to stockholder approval. Fractional shares resulting from the stock dividend will be rounded to the next zero.

The stock dividend has yet to be paid to the shareholders given that this is subject for their approval in the upcoming Annual Stockholders' Meeting. Furthermore, the stock dividends that will be paid further to the increase in authorized capital stock can only be paid to the shareholders upon the Securities and Exchanges' Approval of the amendment to the Company's Articles of Incorporation.

Below is the schedule of Retained Earnings available for Dividend Declaration:

	Amount
Unappropriated retained earnings, beginning	₱318,762,302
Less: Non-actual/unrealized income, net of tax	
Fair value loss (gain) on financial assets at FVTPL	(123,588,483)
Benefit from deferred income tax	(1,006,947)
Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning	194,166,872
Add: Net loss actually earned/realized during the year	
Net loss closed to retained earnings	(45,981,667)
Less: Non-actual/unrealized income, net of tax	
Fair value loss on financial assets at FVTPL	57,368,134
Movement in deferred tax assets	(336,346)
Net loss actually earned/realized during the year	11,050,121
Less: Cash dividend declaration during the year	-
Total retained earnings available for dividend declaration, end	₱205,216,993

Recent Sales of Unregistered or Exempt Securities, including Recent Issuance of Securities Constituting an Exempt Transaction

The Company has not sold any securities, whether unregistered or exempt or any issuance constituting an exempt transaction under the Revised Securities Act (RSA) or the Securities Regulation Code (SRC), during the past three (3) years.

COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

The Company continues to abide by the duly adopted Manual on Corporate Governance of the Company (the "Manual") and the Code of Corporate Governance promulgated by the Securities and Exchange Commission. Pursuant thereto, the Company appointed Mr. Gabriel Marasigan, as the Compliance Officer of the Company to ensure the Company's adherence to corporate principles and best practices and monitor compliance with the provisions and requirements of the Manual. In May 31, 2023, the BOD approved the appointment of Ms. Anna Isabel Chan as the new compliance officer of the Company.

In addition to the Audit Committee composed of Jose A. Feria, Jr as Chairman, David Ng and John Carlos Uy as members, the Company also constituted its Nomination Committee and appointed Jose S. Jalandoni as its Chairman with William L. Ang and Jose A. Feria, Jr. as members. The Company also created its Compensation and Remuneration Committee composed of David Ng as Chairman and John Carlos Uy and Jose S. Jalandoni as members.

There have been no deviations for the past year from the Company's Manual of Corporate Governance.

For the training of directors, given that the Company was listed on November of 2022 there was lack of material time to comply with continuing education recommendation. However, the Directors, as directors of Liberty Flour Mills, Inc., for the calendar year 2022, attended a training held on February 8, 2022, by the *Center for Global Best Practices* in their SEC accredited webinar "*Best Practices of Effective Boards*".

The Company continuously reviews and evaluates its Manual to ensure that the Company's practices are compliant with leading practices on good corporate governance.

Appraisals and Performance Report for the Board and the Criteria and Procedure for their Assessment

The Company acknowledges that a paramount concern for good corporate governance and an essential condition for the current and future success of the Company is the need to be governed by a competent Board of Directors and top management. One mechanism to ensure competent and responsible leadership is to create a mechanism where the performance of the Board and top management is assessed.

Under the Code of Corporate Governance of LFM, the various board committees of LFM evaluate and assess each individual director. This being the case the Executive, Audit, Nomination, Remuneration, or Risk Oversight Committee may evaluate and assess each individual director. Provided, that in the event that a director is part of one committee, then another committee shall be tasked to perform his/her evaluation and assessment.

The assessment criteria includes, among others, the participation and engagement of a Board Member in the meeting of the Board of Directors, the amount of times such director is present, whether or not such member is habitually tardy or punctual, their contribution to the committees to which they belong, and other criteria that the committee conducting the assessment deems as appropriate.

Furthermore, at all meetings of the Board of directors, each director is free to voice out their suggestions to improve the manner of governance or express their concerns regarding matters that should be addressed.

2022 ANNUAL STOCKHOLDER'S MEETING

Quorum for the 2022 Annual Stockholders' Meeting

At the 2022 annual stockholders' meeting of the Corporation, stockholders owning 25,000,000,000 common shares were present or represented, which corresponds to one hundred percent (100%) of the issued and outstanding capital stock entitled to vote.

Voting and Vote Tabulation Procedures used in the Meeting

In the 2022 annual stockholders' meeting, voting during the meeting was conducted in person and tabulated by the Corporate Secretary.

Voting at the Meeting

Stockholders were requested to indicate "Yes" or "No" to express approval or disapproval, respectively, in respect of each matter presented to the stockholders for approval. The Corporate Secretary took note of, and tabulated, the votes of each stockholder for each matter presented for approval.

Tabulation and Counting of Results

The Corporate Secretary, Atty. Gatdula, counted and tabulated all the votes cast during the meeting, in accordance with the provisions of the Revised Corporation Code.

Opportunity Given to Stockholders to Ask Questions and a Record of Questions Asked and Answers Given

Before a matter is put to vote by the Chairman of the Board, the stockholders were given an opportunity to ask questions and raise concerns regarding the matters that are up for vote. Given the limited agenda for the meeting, none of the stockholders raised any questions.

Appraisals and Performance Report for the Board and the Criteria and Procedure for their Assessment

The Company acknowledges that a paramount concern for good corporate governance and an essential condition for the current and future success of the Company is the need to be governed by a competent Board of Directors and top management. One mechanism to ensure competent and responsible leadership is to create a mechanism where the performance of the Board and top management is assessed.

Under the Code of Corporate Governance of LFM, the various board committees of LFM evaluate and assess each individual director. This being the case the Executive, Audit, Nomination, Remuneration, or Risk Oversight Committee may evaluate and assess each individual director. Provided, that in the event that a director is part of one committee, then another committee shall be tasked to perform his/her evaluation and assessment.

The assessment criteria includes, among others, the participation and engagement of a Board Member in the meeting of the Board of Directors, the amount of times such director is present, whether or not such member is habitually tardy or punctual, their contribution to the committees to which they belong, and other criteria that the committee conducting the assessment deems as appropriate.

Furthermore, at all meetings of the Board of directors, each director is free to voice out their suggestions to improve the manner of governance or express their concerns regarding matters that should be addressed.

Directors Disclosures on Self-Dealing and Related Party Transactions

Directorships

The following directors are also directors of the Company's parent, Liberty Flour Mills, Inc.: William Carlos Uy, Jose S. Jalandoni, William L. Ang, Jose Ma. S. Lopez, John Carlos Uy, David Ng, Jose A. Feria Jr.

Also, William Carlos Uy serves as LFM's Chairman; while Jose Ma. S. Lopez serves as LFM's SVP-Finance and Treasurer.

Purchase of Liberty Building

The Company, and its parent, Liberty Flour Mills, Inc. entered into a contract to sell for the sale and purchase of Liberty Building; which is an 8-storey building located along A. Arnaiz Avenue. This building houses multiple commercial tenants with eight (8) office floors and one (1) basement parking area.

On May 3, 2023 the independent third-party financial adviser advised that the fair price for LFM Building is about 27% of the value of LFM's Total Assets.

On May 31, 2023, after being given an opportunity to study the fairness opinion provided by the independent third-party financial adviser, and upon negotiations of the Parties, the Board of Directors of the Company approved: (a) the fairness opinion; and (b) the execution of a contract to sell with an execution date of June 2, 2023. The terms of payment will be deposit of 22% of the Purchase Price on or before April 20, 2023, the balance of the purchase price will be in installments which must be fully paid on or before November 30, 2024, with the purchase price valued at 27% of LFM'S total assets.

Disagreement of Directors and Executive Officers

There has been no substantial and/or material disagreement between the Board of Directors and the Executive Officers that relate to the Company's operations, management, policies, or practices.

UPON WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A

FREE OF CHARGE. SUCH WRITTEN REQUEST SHOULD BE DIRECTED TO MA. ADELINA S. GATDULA THROUGH LPCCorporatesecretary@picazolaw.com**.**

LFM
PROPERTIES CORPORATION

March 29, 2023

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of LFM Properties Corporation is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2022, 2021 and 2020, in accordance with prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

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

Signature______________________
Name of Chairman : William Carlos Uy

Signature ______________________
Name of President : Jose S. Jalandoni

Signature ______________________
Name of Vice President and Treasurer : William L. Ang

SUBSCRIBED AND SWORN to before me this APR 14 2023 with ~~the presentation of the~~ following:

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; Makati City
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

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SERIES OF 2023

LFM PROPERTIES CORPORATION

3RD FLOOR LIBERTY BLDG., 835 A. ARNAIZ AVE.
MAKATI CITY

UNAUDITED FINANCIAL STATEMENTS
JUNE 30, 2023

LFM PROPERTIES CORPORATION
BALANCE SHEET
AS OF June 30, 2023
(With comparative figures for year ended December 31 2022 and six months ended June 30, 2022)

	June 30, 2023	Audited 2022	June 30, 2022
ASSETS			
Current Assets			
Cash and cash equivalents	11,142,269	43,063,573	7,799,734
Receivables	17,574,683	29,338,711	18,590,849
Financial assets at fair value through profit or loss	87,386,336	121,713,643	126,557,263
Accrued rent - current portion	2,249,684	1,813,322	616,451
Other current assets	13,610,910	3,263,344	14,193,327
Total Current Assets	131,963,882	199,192,593	167,757,624
Noncurrent Assets			
Investment properties	801,237,218	814,182,586	835,057,967
Advances to related party	220,000,000	130,000,000	-
Financial assets at fair value through other comprehensive income	142,553,183	116,911,541	145,422,178
Accrued rent - net of current portion	8,485,007	7,830,463	88,032,200
Net retirement plan asset	6,587,047	6,587,047	7,494,642
Property and equipment	1,474,191	2,060,738	2,660,951
Other noncurrent assets	20,257,791	20,257,791	21,371,176
Total noncurrent Assets	1,200,594,438	1,097,830,166	1,100,039,114
TOTAL ASSETS	1,332,558,319	1,297,022,759	1,267,796,738

LIABILITIES & EQUITY			
Current Liabilities			
Notes Payable	436,609,473	323,609,473	136,633,053
Accounts payable and other current liabilities	24,496,223	35,389,267	33,033,456
Current portion of deposits on long-term leases	35,036,128	34,666,893	13,747,283
Current portion of unearned rental income	7,816,496	4,722,712	9,847,599
Income tax payable	-	5,196,280	4,791,110
Total Current Liabilities	503,958,320	403,584,625	198,052,501
Noncurrent Liabilities			
Notes payable	238,956,014	307,191,309	375,490,701
Payable to related party	37,730,000	37,730,000	37,730,000
Deposits on long-term leases - net of current portion	8,928,316	8,101,480	19,437,756
Deferred income tax liability	2,714,414	2,714,415	21,760,408
Unearned rental income - net of current portion	1,060,164	785,885	7,827,165
Other noncurrent liability	143,435,981	142,729,767	152,363,302
Total Noncurrent Liabilities	432,824,889	499,252,856	614,609,332
Total Liabilities	936,783,209	902,837,481	812,661,833
STOCKHOLDERS' EQUITY			
Capital stock	250,000,000	250,000,000	250,000,000
Other components of equity:			
Fair value changes on financial assets at FVOCI	(111,621,832)	(137,263,474)	(108,752,837)
Accumulated remeasurement gains on defined benefit plan	8,668,118	8,668,117	9,604,162
Retained Earnings	248,728,826	272,780,635	304,283,580
Total Equity	395,775,111	394,185,278	455,134,905
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	1,332,558,319	1,297,022,759	1,267,796,738

LFM PROPERTIES CORPORATION
STATEMENT OF INCOME AND EXPENSES
FOR THE QUARTER ENDED JUNE 30, 2023
(With Comparative figures for the quarter ended June 30, 2021)

	April 1 to June 30, 2023	January 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2022
Rental Income	**45,975,862**	**87,478,511**	**57,410,933**	**113,154,669**
Direct Costs				
Depreciation and amortization	10,947,426	21,755,183	10,386,680	21,210,934
Real estate tax	5,272,378	10,544,756	5,272,378	10,544,756
Outside services	2,227,223	4,261,747	1,821,189	3,594,177
Repairs and maintenance	639,638	1,273,520	569,207	1,179,427
Communication, light and water	2,662,876	4,261,278	523,160	796,324
Insurance and others	325,225	695,051	337,555	675,110
Total	**22,074,766**	**42,791,535**	**18,910,169**	**38,000,728**
Gross Income	**23,901,096**	**44,686,976**	**38,500,764**	**75,153,941**
Operating Expenses				
Personnel costs	3,114,197	5,608,819	3,250,736	5,517,020
Taxes and licenses	1,430,686	2,211,469	416,924	2,220,554
Association dues	148,396	560,047	117,411	500,464
Rent	131,671	263,342	128,316	256,632
Depreciation and amortization	94,310	188,621	537,803	678,789
Commission	405,100	405,100	240,420	240,420
Professional fees	802,143	1,032,143	457,334	544,667
Repairs and maintenance	44,876	380,887	43,269	124,158
Telephone, Telegraph and Postage	43,662	87,325	43,662	87,337
Transportation and Travel	2,375	6,881	1,231	26,541
Office Supplies	42,717	77,001	37,465	66,638
Entertainment, amusement and recreation	5,007	5,007	2,295	2,295
Miscellaneous	107,392	1,099,897	350,450	687,305
Operating Expenses	**6,372,533**	**11,926,538**	**5,627,315**	**10,952,820**
Other income (charges)				
Interest expense	(11,557,634)	(20,270,043)	(6,634,646)	(13,085,113)
Gain (Loss) on sale of financial assets at FVTPL	117,240	135,166	1,480,610	
Fair value changes of financial assets at fair value through profit or loss	(12,091,525)	(34,327,307)	(16,298,265)	(54,005,125)
Dividend income	141,620	161,620	1,016,060	1,016,060
Interest income	2,803	7,025	21,182	23,995
Other income	346,979	441,552	51,814	209,236
	(23,040,518)	**(53,851,987)**	**(20,363,245)**	**(65,840,947)**
Income before Income Tax	**(5,511,955)**	**(21,091,549)**	**12,510,204**	**(1,639,826)**
Provision for Income Tax	1,425,047	2,960,260	7,848,794	12,838,896
Net Income (Loss)	**(6,937,002)**	**(24,051,809)**	**4,661,409**	**(14,478,722)**
BASIC/DILUTED EARNINGS PER SHARE	**(0.0003)**	**(0.0010)**	**0.0002**	**(0.0006)**

LFM PROPERTIES CORPORATION
STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED JUNE 30, 2023
(With Comparative figures for the quarter ended June 30, 2021)

	April 1 to June 30, 2023	'January 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	(5,511,955)	(21,091,549)	12,510,203	(1,639,826)
Adjustments for:				
Depreciation and amortization	11,041,737	21,943,804	10,924,483	21,889,723
Fair value changes of financial assets at fair value through profit or loss	12,091,525	34,327,307	16,298,265	54,005,125
\nterest expense	11,557,634	20,270,043	6,634,646	13,085,113
Dividend income	(1,016,060)	(161,620)	(1,016,060)	(1,016,060)
Loss (gain) on financial assets	-	(135,166)	(1,480,610)	-
Movements retirement plan	-	-	292,027	292,027
Interest income	(23,995)	(7,025)	(21,182)	(23,995)
Operating income before working capital changes	**28,138,885**	**55,145,794**	**44,141,773**	**86,592,107**
Decrease (increase) in:				
Receivables	37,002,981	12,854,934	(9,120,403)	13,163,001)
Accrued rent	(545,453)	(1,090,906)	(4,969,573)	10,041,396)
Other current assets	(15,130,432)	(31,438,472)	11,110,957	8,259,056)
Increase (decrease) in:	-		-	
Accounts payable and other current liabilities	10,999,689	(14,898,742)	20,879,564	(1,397,714)
Deposits on long-term leases and other noncurrent liabilities	(8,547,100)	14,076,885	(21,732,615)	1,065,858
Unearned rental income	3,660,706	5,492,999	4,421,047	4,665,176
Cash generated from operations	**55,579,275**	**40,142,491**	**44,730,750**	**59,461,974**
Income tax paid, including creditable withholding taxes	(7,038,671)	(8,156,540)	(6,213,895)	(8,042,413)
Interest received	23,995	7,025	21,182	23,995
Net cash provided by operating activities	**48,564,599**	**31,992,976**	**38,538,037**	**51,443,556**
CASH FLOWS FROM INVESTING ACTIVITIES				
Receivable from a related party	-	(70,000,000)	-	-
Purchase of financial assets at fair value through profit or loss	-	(4,402,987)	-	(3,685,658)
Proceeds from sale of financial assets at fair value through P&L	2,766,656	4,538,153	-	3,572,261
Additions to property and equipment	(3,587,931)	(8,411,889)	4,595,464	(1,227,679)
Additions to other non current assets	-	-	100,000	100,000
Dividend received	1,016,060	161,620	1,016,060	1,016,060
Net cash used in investing activities	**194,785**	**(78,115,104)**	**5,711,524**	**(225,016)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Availment of bank loans	-	113,000,000		-
Loan payments	(34,117,647)	(68,235,294)	(34,117,647)	(68,235,294)
Other non current liability	(10,293,840)	(10,293,840)	(9,190,928)	(9,190,928)
Interest paid	(11,557,634)	(20,270,043)	(6,300,933)	(12,751,400)
Net cash generated from financing activities	**(55,969,121)**	**14,200,823**	**(49,609,508)**	**(90,177,622)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(7,209,737)**	**(31,921,303)**	**(5,359,948)**	**(38,959,082)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	18,352,007	43,063,573	13,159,683	46,758,816
CASH AND CASH EQUIVALENTS AT END MONTH	**11,142,270**	**11,142,270**	**7,799,734**	**7,799,734**

LFM PROPERTIES COPORATION
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
June 30, 2023

	Capital Stock	Fair Value Changes on Financial assets at FVOCI	Accumulated Remeasurement Gains (Losses) on Defined Benefit Plan	Retained Earnings	Total
Balances at January 1, 2022	**250,000,000**	**(137,263,474)**	**8,668,117**	**272,780,635**	**394,185,278**
Net Loss	–	–	–	**(24,051,809)**	**(24,051,809)**
Other comprehensive income	–	**25,641,642**	**-**	–	**25,641,642**
Balances at June 30, 2023	**250,000,000**	**(111,621,832)**	**8,668,117**	**248,728,826**	**395,775,110**

Balances at January 1, 2021	**250,000,000**	**(97,456,170)**	**13,571,525**	**318,762,302**	**484,877,657**
Net Loss	–		–	**(14,478,722)**	**(14,478,722)**
Other comprehensive income	–	**(11,296,667)**	**(3,967,363)**	–	**(15,264,030)**
Balances at June 30, 2022	**250,000,000**	**(108,752,837)**	**9,604,162**	**304,283,580**	**455,134,905**

LFM PROPERTIES CORPORATION

BASIS FOR COMPUTATION OF BASIC/DILLUTED EARNINGS (LOSS) PER SHARE

	2023	2022
Net (loss) for the first quarter	(24,051,809)	(14,478,722.)
Divided by weighted average number of shares	25,000,000,000	25,000,000,000
Basic/diluted earnings per share	**(0.0010)**	**(0.0006)**

LFM PROPERTIES CORPORATION
AGING OF ACCOUNTS RECEIVABLE
AS OF JUNE 30, 2023

	TOTAL	CURRENT/ NOT YET DUE	1-3 Months	4-6 Months	7 Months - 1 Year	Above 1 Year
Trade and other receivables	18,624,363	12,811,858	3,789,908	441,570	-	1,581,027
Allowance for expected Credit Losses	1,049,681					1,049,681
	17,574,682	12,811,858	3,789,908	441,570	-	531,346

COVER SHEET

SEC Registration Number

A S O 9 5 0 1 2 5 6 1

Company Name

L F M P R O P E R T I E S C O R P O R A T I O N

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

3 R D F L O O R L I B E R T Y B U I L D I N G
8 3 5 A. A R N A I Z A V E N U E M A K A T I
C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
finance@lfmproperty.com	**(02) 8893-7790**	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
449	**May 25**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
William L. Ang	**williamlimang@gmail.com**	**(02) 8893-7790**	**–**

Contact Person's Address

Liberty Building, 835 A. Arnaiz Avenue, Makati City

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

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended: **March 31, 2023**

2. Commission identification number: **ASO95012561**

3. BIR Tax Identification No: **004-656-232-V**

4. Exact name of registrant as specified in its charter: **LFM PROPERTIES CORPORATION**

5. Province, country or other jurisdiction of incorporation or organization: **Metro Manila**

6. Industry Classification Code: ______ (SEC Use Only)

7. **3rd Floor Liberty Building, A. Arnaiz Avenue, Makati City** **1229**
Address of issuer's principal office Postal Code

8. Issuer's telephone number, including area code: **(632) 8893-7790**

9. Former name, former address and former fiscal year, if changed since last report: -**na-**

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	**25,000,000,000**

11. Are any or all of the securities listed on a stock exchange?

Yes [√] No [ ]

If yes, state name of such stock exchange and the class/es of securities listed therein:

Stock Exchange	Class of Securities
Philippine Stock Exchange, Inc.	**Common Shares**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes [√] No []

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

Yes [√] No [ ]

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements

Please refer to the unaudited interim financial statement of LFM Properties Corporation (the "Company) for the three (3) months ended March 31, 2023 which is attached hereto as Annex "A" and which is hereby incorporated by reference to form an integral part of the Report. Likewise, attached as Annex "B" is the Company's Statement of Changes in Stockholder's Equity for the three (3) months ended March 31, 2023 and as compared to same period for the year 2022, and the Company's basis for the computation of Basic Earnings per share.

The interim financial statements are prepared in compliance with Philippine Financial Reporting Standards (PFRS) in accordance with the Securities Regulations Code.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company generated total gross revenues of ₱41.5 million for the first quarter ended March 31, 2023, a decrease of 26% from ₱55.7 million total gross revenues for the first quarter ended March 31, 2022 this is primarily due to the pretermination of rental lease contract of one of the major tenants of the Company.

Cost of rental services amounted to ₱20.7 million versus to ₱19.1 million last year, with an increase of 9% or ₱1.6 million primarily due to the increase in electricity charges.

General and administrative expenses amounted to ₱5.6 million, a slight increase of 4% versus last year's of ₱5.3 million.

Other income (expenses) net amounted to (₱30.8) million, up by ₱14.7 million or 32% from same period last year. The increase was mainly due to ₱15.5 million increase in fair value changes of financial assets as of March 31, 2023, Increase in gain on sale financial assets FVTPL amounting ₱1.5 million offset by increased of ₱2.3 million Interest expense due to availment of loan during the period ended March 31, 2023.

Financial Condition

Total Assets of the Company as of March 31, 2023 stood at ₱1.361 billion, an increase of 5% or ₱63.5 million from ₱1.297 million as of December 31, 2022.

Cash and cash equivalents decreased by 57% or ₱24.6 million was mainly due to uncollected receivables.

The increase in Receivables by ₱24.1 million or 82% was mainly due to ₱17.9 deposit to company's agent of marketable securities and uncollected receivables from one of the major tenants of the company which was collected during the first week of April 2023.

Other Current Assets increased by 500% or ₱16.3 million. The increase is due to prepayments of real estate taxes for the year 2023.

The decrease in Investment Properties - net by ₱5.8 million was primarily due to depreciation of existing Investment Properties offset by ₱4.8 million additions to investment properties.

Total Liabilities of the Company as of March 31, 2023 amounted to ₱980.7 million increased by 9% or ₱77.9 million from 2022 of ₱902.8 million. The increase is primarily due to availment of loan for the deposit related to the acquisition of the land and building from a related party.

Total Equity stood at ₱379.8 million as of March 31, 2023, versus ₱394.2 million as of December 31, 2022. The Company generated Net loss of ₱17.1 million during the three months ended March 31, 2023 primarily because of the decrease in rental income due to the pretermination of rental lease contract of one of the major tenants of the Company.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company. There are no seasonal aspects which had a material effect on the Company's financial condition or results of operation.

Further discussion of material changes in amount of accounts with 5.0% or more change:

Accounts Receivable – The increase is due deposit to company's agent of marketable securities and uncollected receivables from one of the major tenants of the company which was collected during the first week of April 2023.

Financial Assets at FVPL – The decrease is due to mark to market adjustment at March 31, 2023.

Financial assets at fair value through other comprehensive income (FVOCI) – The increase is due to mark to market adjustment at March 31, 2023.

Accounts payable and other current liabilities – The decrease is due to payment of current portion of the liabilities in relation to the acquisition of the Nuvali lot and other payables of the company.

Income tax payable – The increase is due to higher recognition of income tax payable the first quarter of 2023.

Notes payable – The increase is due to availment of loan for the deposit related to the acquisition of the land and building from a related party.

Deposits on longterm lease - The increase is due to collection of deposit from new tenants.

Unearned rental income current and non current – The increase is due to collection of unearned rental income during the year.

Retained earnings – The decrease is due primarily due to decrease in rental income due to the pretermination of rental lease contract of one of the major tenants of the Company.

Performance Indicators

The Company determine their performance on the following five (5) key performances indicators:

	March 31, 2023	December 31, 2022
Net Book Value per share *1	0.0152	0.0158
Debt to Equity Ratio *2	2.58:1	2.29:1
Asset to Equity Ratio *3	3.58:1	3.29:1

	March 31, 2023	March 31, 2022
Return on Equity*4	(5%)	(5%)
Operating Margin *5	37%	56%

*1 –/ Total equity divided by total Common Shares outstanding

*2 – Total liabilities divided by Total equity

*3 – Total assets divided by Total equity

*4 – Net income divided by Total equity

*5 – Operating income divided by Total revenues

As at March 31, 2023, there were no events identified that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

As at March 31, 2023, the Company has no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

As at March 31, 2023, the Company expects to spend around at ₱930 million to purchase land and building as investment property.

As at March 31, 2023, 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.

MAKETPRICE

	Stock	**High**	**Low**
Q1	LPC	0.1350	0.0870

PART II – FINANCIAL DISCLOSURES

Financial Instruments and Financial Risk Disclosure

The Company's financial instruments consist mainly of cash in banks, investments in equity securities and trade receivables/payables and borrowings. The main risks arising from the use of these financial instruments are credit risk, equity price risk and liquidity risk.

a. Credit Risk

Credit risk represents the loss that the Company would incur if the counterparty failed to perform under its contractual obligations. The Company has established controls and procedures in its credit policy to determine and monitor the credit worthiness of lessees and counterparties. The Company requires its lessees to pay at least three months security deposit to cover unpaid obligations and liabilities at the termination of the lease. It is also the Company's policy to require its lessees to pay their accounts on or before due date without the need of demand.

The maximum credit exposure of the Company is the carrying amount of the receivables. There are no significant concentrations of credit risk within the Company. With respect to credit risk arising from the other financial assets of the Company, which comprise cash in banks, the Company's exposure to credit risk arises from default of the counterparties, with a maximum exposure equal to the carrying amount of these instruments. There are no collaterals or other credit enhancements held over these assets.

The credit quality of the financial assets was determined as follows:

Low Risk - This includes cash and cash equivalents and financial assets at FVOCI with recycling with counterparties with good credit or bank standing, thus credit risk is minimal. This normally includes large prime financial institutions, companies and government agencies. For receivables, this consists of accounts with counterparties with no history of default on the agreed contract terms.

Moderate Risk - This includes receivables with counterparties with little history of default on the agreed contract terms.

High Risk - This includes receivables that consist of accounts with counterparties with history of default on the agreed contract terms.

As at March 31, 2023, the COVID-19 outbreak has no significant impact to the Company's credit risk.

b. Equity Price Risk

Equity price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to equity price risk because of investments in quoted equity securities, which are classified in the statement of financial position as financial assets at FVTPL and financial assets at FVOCI.

The Company's policy is to maintain the risk to an acceptable level. Movement of share price is monitored regularly to determine impact on its financial position. The change in market prices used in the sensitivity analysis is determined based on the highest and lowest stock prices of a financial instrument during the period. The Company has determined that for financial assets at FVOCI, a decrease or increase on the stock prices would only impact equity and would not have an effect on profit or loss. The Company has determined that for financial assets at FVTPL, a decrease and increase on the stock prices could have an impact on the profit or loss.

d. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay its obligations when they fall due under normal and stress circumstances. The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.

As at March 31, 2023, the COVID-19 outbreak has no significant impact to the Company's liquidity risk.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

a. Financial assets at FVPL

The fair value of the quoted shares of stock is based on quoted market price.

b. Financial assets at FVOCI

The fair value of the quoted debt instruments and equities is based on quoted market price. Unquoted shares of stock have been estimated using the adjusted net asset method. The adjusted net asset method involves deriving the fair value of the investee's equity instruments by reference to the fair value of its assets and liabilities.

c. Deposits on long-term leases

The carrying values deposits on long-term leases were not materially different from their calculated fair values estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities.

d. Other financial assets and financial liabilities

Due to the short-term nature of other financial assets and financial liabilities, the fair value of cash and cash equivalents, receivables, accounts payable and accrued expenses and other current liabilities approximate the carrying amount as of balance sheet.

PART III - OTHER INFORMATION

All other information which requires disclosure under the full Disclosure Rules of the Securities and Exchange Commission has been previously filed by the Company under SEC Form 17-C

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the Company has duly caused this report to be signed on its behalf by the undersigned there unto duly authorized.

LFM PROPERTIES CORPORATION

By:

WILLIAM CARLOS UY
Chairman of the Board

WILLIAM L. ANG
Chief Financial Officer

ANNEX "A"

LFM PROPERTIES CORPORATION

3RD FLOOR LIBERTY BLDG., 835 A. ARNAIZ AVE.
MAKATI CITY

UNAUDITED FINANCIAL STATEMENTS
MARCH 31, 2023

LFM PROPERTIES CORPORATION
BALANCE SHEET
AS OF MARCH 31, 2023
(With comparative figures for year ended December 31 2022 and and three months ended March 31, 2022)

	March 31 2023	December 31 2022	March 31 2022
ASSETS			
Current Assets			
Cash and cash equivalents	18,469,246	43,063,573	13,159,683
Receivables	53,486,758	29,338,711	14,655,665
Financial assets at fair value through profit or loss	102,127,277	121,713,643	141,374,917
Accrued rent - current portion	1,922,412	1,813,322	3,259,722
Other current assets	19,571,384	3,263,344	20,232,461
Total Current Assets	195,577,076	199,192,593	192,682,448
Noncurrent Assets			
Investment properties	808,403,400	814,182,586	850,133,983
Advances to related party	200,000,000	130,000,000	-
Financial assets at fair value through other comprehensive income	119,690,880	116,911,541	158,153,343
Accrued rent - net of current portion	8,266,826	7,830,463	80,419,357
Net retirement plan asset	6,587,047	6,587,047	13,076,486
Property and equipment	1,761,815	2,060,738	2,994,141
Other noncurrent assets	20,257,791	20,257,791	22,574,088
Total noncurrent Assets	1,164,967,759	1,097,830,166	1,127,351,398
TOTAL ASSETS	1,360,544,835	1,297,022,759	1,320,033,845
LIABILITIES & EQUITY			
Current Liabilities			
Notes Payable	436,609,473	323,609,473	136,655,733
Accounts payable and other current liabilities	24,931,596	35,389,267	27,083,844
Current portion of deposits on long-term leases	35,981,169	34,666,893	13,075,981
Current portion of unearned rental income	4,277,082	4,722,712	5,163,075
Income tax payable	5,613,624	5,196,280	4,325,084
Total Current Liabilities	507,412,945	403,584,625	186,303,717
Noncurrent Liabilities			
Notes payable	273,073,662	307,191,309	409,683,135
Payable to related party	37,730,000	37,730,000	37,730,000
Deposits on long-term leases - net of current portion	11,168,123	8,101,480	18,808,217
Deferred income tax liability	2,714,414	2,714,415	21,913,987
Unearned rental income - net of current portion	938,872	785,885	9,767,006
Other noncurrent liability	147,657,009	142,729,767	168,655,760
Total Noncurrent Liabilities	473,282,080	499,252,856	666,558,104
Total Liabilities	980,695,025	902,837,481	852,861,821
STOCKHOLDERS' EQUITY			
Capital stock	250,000,000	250,000,000	250,000,000
Other components of equity:			
Fair value changes on financial assets at FVOCI	(134,484,135)	(137,263,474)	(96,021,672)
Accumulated remeasurement gains on defined benefit plan	8,668,117	8,668,117	13,571,526
Retained Earnings	255,665,827	272,780,635	299,622,171
Total Equity	379,849,809	394,185,278	467,172,024
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	1,360,544,835	1,297,022,759	1,320,033,845

LFM PROPERTIES CORPORATION
STATEMENT OF INCOME AND EXPENSES
FOR THE QUARTER ENDED MARCH 31, 2023

	March 31, 2023	March 31, 2022
Rental Income	**41,502,649**	**55,743,736**
Direct Costs		
Depreciation and amortization	10,807,757	10,824,254
Real estate tax	5,272,378	5,272,378
Outside services	2,034,523	1,772,988
Repairs and maintenance	633,883	610,220
Communication, light and water	1,598,402	273,164
Insurance and others	369,825	337,555
Total	**20,716,769**	**19,090,559**
Gross Income	**20,785,880**	**36,653,177**
Operating Expenses		
Personnel costs	2,494,621	2,266,284
Taxes and licenses	780,783	1,803,630
Association dues	411,651	383,053
Rent	131,671	128,316
Depreciation and amortization	94,310	140,986
Professional fees	230,000	87,333
Repairs and maintenance	336,010	80,889
Telephone, Telegraph and Postage	43,662	43,675
Transportation and Travel	4,506	25,310
Office Supplies	34,284	29,173
Miscellaneous	992,505	336,855
Operating Expenses	**5,554,005**	**5,325,505**
Other income (charges)		
Interest expense	(8,712,408)	(6,450,467)
Gain (Loss) on sale of financial assets at FVTPL	17,926	(1,480,610)
Fair value changes of financial assets at fair value through profit or loss	(22,235,783)	(37,706,860)
Dividend income	20,000	
Interest income	4,222	2,813
Other income	94,573	157,422
	(30,811,469)	**(45,477,702)**
Income before Income Tax	**(15,579,594)**	**(14,150,029)**
Provision for Income Tax	1,535,214	4,990,102
Net Loss	**(17,114,808)**	**(19,140,131)**
OTHER COMPREHENSIVE GAIN		
Net fair value changes on financial assets at FVOCI	2,779,339	1,434,498
	2,779,339	**1,434,498**
TOTAL COMPREHENSIVE LOSS	(14,335,469)	(17,705,633)
BASIC/DILUTED EARNINGS (LOSS) PER SHARE	**(0.0007)**	**(0.0008)**

LFM PROPERTIES CORPORATION
STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED MARCH 31, 2023

	January 1 to March 31, 2023	January 1 to March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	(15,579,594)	(14,150,029)
Adjustments for:		
Depreciation and amortization	10,902,067	10,965,240
Fair value changes of financial assets at fair value through profit or loss	22,235,783	37,706,860
Interest expense	8,712,408	6,450,467
Dividend income	(20,000)	-
Loss (gain) on financial assets	(17,926)	1,480,610
Interest income	(4,222)	(2,813)
Operating income before working capital changes	**26,228,516**	**42,450,334**
Decrease (increase) in:		
Receivables	(24,148,047)	(4,042,598)
Accrued rent	(545,453)	(5,071,823)
Other current assets	(16,308,040)	(19,370,013)
Increase (decrease) in:		
Accounts payable and other current liabilities	(25,898,431)	(22,277,278)
Deposits on long-term leases and other nuncurrent liabilites	22,623,985	22,798,473
Unearned rental income	1,832,293	244,129
Cash generated from operations	**(16,215,177)**	**14,731,224**
Income tax paid, including creditable withholding taxes	(1,117,870)	(1,828,518)
Interest received	4,222	2,813
Net cash provided by operating activities	**(17,328,824)**	**12,905,519**
CASH FLOWS FROM INVESTING ACTIVITIES		
Receivable from a related party	(70,000,000)	-
Purchase of financial assets at fair value through profit or loss	(4,402,987)	(3,685,658)
Proceeds from sale of financial assets at fair value through P&L	1,771,497	3,572,261
Additions to property and equipment	(4,823,959)	(5,823,143)
Dividend received	20,000	-
Net cash used in investing activities	**(77,435,448)**	**(5,936,539)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of bank loans	113,000,000	-
Loan payments	(34,117,647)	(34,117,647)
Interest paid	(8,712,408)	(6,450,467)
Net cash generated from financing activities	**70,169,944**	**(40,568,114)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(24,594,327)**	**(33,599,134)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	43,063,573	46,758,816
CASH AND CASH EQUIVALENTS AT END MONTH	**18,469,246**	**13,159,683**

LFM PROPERTIES CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2023

1. Basis of Financial Statement Preparation

The financial statements of the Company are prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI) which have been measured at fair value. The financial statements are presented in Philippine peso (peso), which is the Company's functional and presentation currency, and rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance
The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

2. Significant Accounting Policies

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements 7 starting January 1, 2021. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance.

- Adoption of Accounting for Common Usage Service Area (CUSA) Charges discussed in PIC Q&A 2018-12-H
- Amendments to PFRS 16, *COVID-19 related Rent Concessions beyond 30 June 2021*
- Amendments to PFRS 9, PFRS 7, PFRS 4, and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements.

Effective beginning on or after January 1, 2022
- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*
- *Annual Improvements* to PFRSs 2018-2020 Cycle
    - Amendments to PRFS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
    - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
    - Amendments to PAS 41, *Agriculture, Taxation in fair value instruments*

Effective beginning on or after January 1, 2023
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*

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

Effective beginning on or after January 1, 2024

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective January 1, 2020. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the company's financial statements

3. Others

1. The same accounting policies and methods of computation are followed in the interim financial statements as of March 31, 2023 as compared with the audited financial statements as of December 31, 2022.

2. The business operation of the company for the interim period is continuous, there is no cycle and it is not seasonal.

3. There are no unusual items that affected assets, liabilities, equity and cash flows.

4. There are no changes in estimates of amounts reported in prior financial years.

5. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

6. There are no changes in the composition of this issuer during the interim period. There are no business combinations, no acquisition or disposal of subsidiaries and long term investments, no restructuring and no discontinuing operations.

7. There are no contingent liabilities and contingent assets.

ANNEX "B"

LFM PROPERTIES CORPORATION

3RD FLOOR LIBERTY BLDG., 835 A. ARNAIZ AVE.
MAKATI CITY

STATEMENT OF CHANGES
IN STOCKHOLDER'S EQUITY
MARCH 31, 2023

LFM PROPERTIES COPORATION
STATEMENT OF CHANGES
IN STOCKHOLDER'S EQUITY
MARCH 31, 2023

		Other Components of Equity			
	Capital Stock	**Fair Value Changes on Financial assets at FVOCI**	**Accumulated Remeasurement Gains (Losses) on Defined Benefit Plan**	**Retained Earnings**	**Total**
Balances at January 1, 2022	**250,000,000**	**(137,263,474)**	**8,668,117**	**272,780,635.00**	**394,185,278**
Net Loss	–	–	–	**(17,114,807.63)**	**(17,114,808)**
Other comprehensive income	–	**2,779,339**	**-**	–	**2,779,339**
Balances at March 31, 2023	**250,000,000**	**(134,484,135)**	**8,668,117**	**255,665,827**	**379,849,809**
Balances at January 1, 2021	**250,000,000**	**(97,456,170)**	**13,571,525**	**318,762,302**	**484,877,657**
Net Loss	–		–	**(19,140,131)**	**(19,140,131)**
Other comprehensive income	–	**1,434,498**	**-**	–	**1,434,498**
Balances at March 31, 2022	**250,000,000**	**(96,021,672)**	**13,571,525**	**299,622,171**	**467,172,024**

LFM PROPERTIES CORPORATION
BASIS FOR COMPUTATION OF BASIC/DILLUTED EARNINGS (LOSS) PER SHARE

	2023	2022
Net (loss) for the first quarter	(17,114,807.63)	(19,140,130.98)
Divided by weighted average number of shares	25,000,000,000	25,000,000,000
Basic/diluted earnings (loss) per share	**(0.0007)**	**(0.0008)**

LFM PROPERTIES CORPORATION
AGING OF ACCOUNTS RECEIVABLE
AS OF MARCH 31, 2023

	TOTAL	CURRENT/ NOT YET DUE	1-3 Months	4-6 Months	7 Months - 1 Year	Above 1 Year
Trade and other receivables	54,536,439	29,666,105	3,355,904	19,798,090	176,861	1,539,479
Allowance for expected Credit Losses	1,049,681					1,049,681
	53,486,758	29,666,105	3,355,904	19,798,090	176,861	489,798

COVER SHEET

SEC Registration Number

A	S	O	9	5	0	1	2	5	6	1

Company Name

LFM PROPERTIES CORPORATION

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

3RD FLOOR LIBERTY BUILDING
835 A. ARNAIZ AVENUE MAKATI
CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
finance@lfmproperty.com	**(02) 8893-7790**	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
449	**Last Wednesday of May**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
William L. Ang	**williamlimang@gmail.com**	**(02)8893-7790**	**–**

Contact Person's Address

3rd Floor Liberty Building, 835 A. Arnaiz Avenue, Makati City

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

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

1. For the fiscal year ended **December 31, 2022**

2. SEC Identification Number **ASO95012561**

3. BIR Tax Identification No. **004-656-232-V**

4. Exact name of issuer as specified in its charter **LFM PROPERTIES CORPORATION**

5. **Metro Manila**
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. **3rd Floor Liberty Building, A. Arnaiz Avenue, Makati City** — **1229 -**
Address of principal office — Postal Code

8. **(632) 8893-7790**
Issuer's telephone number, including area code

9. **NONE**
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	**25,000,000,000**

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

Yes [✔] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:
PHILIPPINE STOCK EXCHANGE — **COMMON**

12. Check whether the issuer:

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

Yes [✔] No [ ]

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

Yes [✔] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in “Annex B”).

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

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

Yes [ ] No [✔]

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) Any annual report to security holders; **-NA-**

(b) Any information statement filed pursuant to SRC Rule 20; **-NA-**

(c) Any prospectus filed pursuant to SRC Rule 8.1. **–NA-**

LFM PROPERTIES CORPORATION

2022
ANNUAL REPORT

PART I - BUSINESS AND GENERAL INFORMATION

1. Business of the Company

LFM Properties Corporation ("Company" or "LPC") is a real estate company incorporated with the Philippine Securities and Exchange Commission ("SEC") on December 18,1995 under its original name, Alfaro Land Holdings Corporation, and was given the SEC Registration Number/Company Reg. No. ASO95-012561. It changed its corporate name to its current name, LFM Properties Corporation, on November 12, 1996, which was approved by the SEC on January 9, 1997.

On October 4, 2005, the SEC approved the Articles and Plan of Merger executed on April 28, 2005 by and between LPC, the surviving corporation, and the following as absorbed corporations namely: LFM Land Corporation and Valero Land Corporation. In the said Merger, the entire assets and liabilities of LFM Land Corporation and Valero Land Corporation were transferred to and absorbed by LPC. Other than the aforementioned merger, the Company has not been involved in any material reclassification, merger, consolidation, purchase, or sale of significant amount of assets not in the ordinary course of business.

There is currently no bankruptcy, receivership or any other similar proceedings involving the Company.

The Company currently derives all its revenues from lease rentals of real estate properties owned by the Company and located in the busy central business districts/commercial hubs in Metro Manila, namely Liberty Plaza Building, Liberty Center Building, Vacant Commercial Land and Two (2) Residential Condominium Units.

The relative contribution of the Company's products and services to its sales or revenues are as follows:

Properties	Percentage of Sales/Revenues
Liberty Plaza Building	40%
Liberty Center Building	57%
Ortigas Vacant Commercial Lot	2%
Condominium Units in Pacific Plaza	1%

<u>Customer</u>

The Company has a broad base of customers, comprised of both local and foreign institutional clients. Out the 40 Active Tenants December 31, 2022, the Company considers only 2 tenants as material leases due to amount of rental income. One of such tenant leases the entire office spaces in Liberty Plaza Building.

However, the Company and one of its major tenants entered into a Memorandum of Agreement on 29 March 2023 with respect to the pretermination of such major tenant's lease contract and the consequences thereof. While such major tenant contributed to 46% of the company's annual revenue, the Company is already negotiating for replacement lease contracts that will compensate for 80% of the aforementioned lost revenue.

Competition

The Company operates in a highly competitive real estate industry.

For Liberty Plaza Building and Liberty Center Building, main competitors are those offering similar office and commercial spaces within Salcedo Village, Makati City such as the Citibank Center, Pacific Star, Petron Megaplaza and V-Corporate Buildings.

Should a development project be constructed in the Ortigas Vacant Commercial Land in the future, main competitors will be those offering office and commercial areas in Pasig CBD.

The Company expects that it will continue to compete with said property companies in the next several years. With the Company's competitive strengths in terms of pricing, branding, and reputation, the company believes that it will be able to compete effectively with its peers and solidify its position as it enters new markets, grow its business and expand its portfolio.

Employees

As of December 31, 2022, the Company has 14 regular employees as follows:

Rank	Number of Employees
Directors	2
Managers	3
Supervisors	4
Rank and File	5
Total	14

The Company does not currently anticipate hiring additional employees within the next twelve (12) months, but it may consider hiring, if necessary.

The Company has no existing collective bargaining agreement between its employees, and the Company's employees are not part of any labor union. The Company has not experienced any disruptive labor disputes, strikes or threats of strikes in the past three (3) years. The Company has no information of any threatened strike to be undertaken by the Company's employees. The Company's management believes that the Company's relationship with its employees is satisfactory, in general.

The Company complies with minimum compensation and benefits standards as well as all other applicable labor and employment regulations. Other than the said standard compensation and benefits, the Company does not have any supplemental benefits or incentive arrangements for the Company's employees.

Working Capital

The working capital required by the Company in its business is from internally generated funds and bank borrowings.

Revenues

The Company leases out spaces in its building and condominium units under various operating leases.

Effect of any existing or probable government regulation on the business of the Company

The Company operates a material part of its businesses in a regulated environment. The Company is subject to numerous environmental laws and regulations relating to the protection of the environment and human health and safety. These include laws and regulations governing air emissions, water and waste water discharges, odor emissions, and the management of, disposal of, and exposure to hazardous materials.

The Company is compliant with government regulating agencies relative to this. Clearances and permits are secured required reports are submitted within the mandated period

Research and Development

None of the research and development expenses are borne directly by the Company's customers.

Patents

The Company does not own, hold, or in any other way, have patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements

Cost of Compliance with Environmental Laws

All government approvals and permits issued by the appropriate government agencies or bodies which are material and necessary to conduct the business and operations of the Company have been obtained and are in full force and effect.

The Company was granted Environmental Compliance Certificate (ECC) by the DENR-NCR after with Permit numbers NCR9907-14-0137- 216 and ECC-OL-NCR-2016- 0046.

The costs of compliance with environmental laws are included in the cost for permits and licenses procured by the Company.

Major Risks Involved

The Company’s business, financial condition, and results of operations could be adversely affected in the event a material number of leases are terminated. If these leases are prematurely terminated, then the Company stands to lose revenues until the space is leased to a new tenant.

To mitigate this risk, the Company intends to maintain the current tenant base and continue to carefully screen prospective lessees and impose penalty charges in case tenants pre-terminate their lease contracts

The properties of the Company are sufficiently insured with reputable insurance companies.

2. Properties

The properties of the Company consist of the following:

Land and Building

Liberty Plaza Building is a 21-storey building with ground floor spaces, two (2) basement parking, five (5) levels of podium parking and 13 floor offices (without 13th floor) located at 102 H.V. Dela Costa Street corner Valero and San Agustin Streets, Salcedo Village, Makati City, Metro Manila. The ground floor is being utilized and leased for commercial spaces. Parking spaces are in basement 1 and 2 and podium 2 to 6th floor. The seventh to nineteenth floors are used as office spaces. Gross floor area of the building is 18,056.68 square meters and leasable area is 8,549 square meters, more or less. Completed in Year 2019, the building is not organized as a condominium development and the Company is the sole registered owner of the entire building. The building is not PEZA accredited. The land where the building is situated consists of an area of approximately 997 square meters.

The land and all improvements thereon where Liberty Plaza Building is situated is covered by a real estate mortgage in favor of Rizal Commercial Banking Corporation (RCBC) covering the amount of ₱250,000,000.00 the loan facility with RCBC secured by the said mortgage is currently un-availed/no amount due.

Liberty Center Building is a 21-storey building with ground floor spaces, three (3) basement parking, four (4) levels of podium parking and 13 floor offices (without 13th floor) located at 104 H.V. Dela Costa Street corner L.P Leviste and San Agustin Streets, Salcedo Village, Makati City, Metro Manila. The ground floor is being utilized and leased for commercial spaces. Parking spaces are in basement 1 to 3 and podium 2 to 5th floor. The sixth to nineteenth floors are used as office spaces. Gross floor area of the building is 20, 265.85 square meters and leasable area is 8,103 square meters, more or less. Completed in Year 2000, the building is not organized as a condominium development and the Company is the sole registered owner of the entire building. The building is not PEZA-accredited. The land where the building is situated consists of an area of approximately 1,035 square meters.

The land and all improvements thereon where Liberty Center Building is situated is covered by a real estate mortgage in favor of BDO Unibank, Inc. (BDO) covering the amount of ₱600,000,000.00. Said mortgage secures a term loan with BDO under a Facility Agreement notarized on February 18, 2021 covering the amount ₱600,000,000.00 payable for up to five (5) years. The purpose of the said loan is to term-out the outstanding balance of the Company's credit line with BDO. The outstanding balance of said term loan as of December 31, 2022 is ₱443,800,782 and the interest to be charged will either be a variable interest rate (higher of 3-month Benchmark Rate plus a margin of 1.20% divided by Applicable Premium Factor and 5.60% per annum) or a fixed interest rate (higher of 5 year Benchmark Rate plus a margin of 1.20% divided by the Applicable Premium Factor and 4.875% per annum).

Vacant Commercial Land

The Company owns a piece of land with an area of 2,094 square meters, more or less, located at Lot 5 Block 1 Ortigas Ave. corner F. Ortigas Jr. and Sapphire Roads, Ortigas Center, Brgy. San Antonio, Pasig City, Metro Manila ("Ortigas Vacant Commercial Land"). The Ortigas Vacant Commercial Land is registered under the name of the Company and covered by Transfer Certificate of Title No. PT-138927 issued on June 30, 2008 by the Register of Deeds of Pasig City. The Ortigas Vacant Commercial Land is currently being leased to a lessee who is currently using the land as a staging area for construction. Previously, the lessee used the land as parking spaces

The Ortigas Vacant Commercial Land is approximately 80 meters northeast from Garnet Road, 290 meters southeast from the corner of Garnet Road and ADB Avenue, or about 575 meters southeast from the intersection of Ortigas Avenue and Epifanio Delos Santos Avenue (EDSA). The land is not PEZA-accredited.

The Ortigas Vacant Commercial Land is zoned as Commercial (C-3) under Pasig City Zoning Ordinance adopted in Year 2015. Ortigas Center is a financial and central business district located at the boundaries of Pasig, Mandaluyong, and Quezon City in the Philippines. It is Metro Manila's second most important business district after the Makati CBD.

Residential Condominium Units

The Company owns two (2) residential condominium units at Pacific Plaza Condominium located at 6741 Ayala Avenue and Apartment Ridge Road, Brgy. Urdaneta Village, Makati City, Metro Manila that are currently for lease: · Unit 31A, 31st Floor covers an area of 285 square meters, more or less, and is owned by and registered under the name of the Company and covered by Condominium Certificate of Title No. 006-2018007477 issued on June 20, 2018 by the Register of Deeds of Makati City. · Unit 31B, 31st Floor has an area of 285 square meters, more or less, and is owned by and registered under the name of the Company and covered by Condominium Certificate of Title No. 006-2018007476 issued on June 20, 2018 by the Register of Deeds of Makati City (collectively as "Condominium Units in Pacific Plaza""). The Pacific Plaza Condominium is a 43-storey residential development situated along Ayala Avenue, in the Makati Central Business District. The building has complete amenities such as a swimming pool, fitness center with spa & squash court, landscaped garden, grand lobby, round-the-clock security, and ample parking space. Glorietta shopping complex is located across the street. It was built in 1992.

In the meeting of the Board of Directors of LFM Properties Corporation ("the Company") held on November 28, 2022, the Board approved the entering and execution of a Memorandum of Understanding (the "MOU") with its shareholder, Liberty Flour Mills, Inc. ("LFMI"), for the potential sale of Liberty Building and the 1,009-square meter parcel of land upon which Liberty Building is constructed (the "Property") by the latter to the former. LFMI is the registered owner of the Property which is located at 835 A. Arnaiz Avenue, Makati City.

The consummation of the sale shall be conditioned, among others, on the determination of the purchase price for the transaction based on the issuance of a fairness opinion issued by an independent third-party financial adviser jointly selected by the Company and LFMI. Given the time needed for the preparation of the fairness opinion and its study upon issuance, the Company and LFMI aim to enter and execute a deed of sale in the first quarter of 2023 if a favorable recommendation/opinion is secured from the independent-third party financial adviser. In case shares of the Company will be used for payment of the transaction (Property for share swap), both parties commit and accept to issue shares that will be in compliance with the 20% public float policy and with all the necessary approval from the relevant regulators.

At March 27, 2023 meeting of the Board of Directors the Board has approved the purchase of Liberty Building from Liberty Flour Mills, Inc. (hereafter "LFM") at a price equivalent to 28%, more or less, of the asset value of LFM. The valuation of the transaction will be subjected to a fairness opinion by an independent third-party adviser within the next weeks. If a favorable opinion is secured, the Corporation and LFM intend to execute a contract to sell on or before April 30, 2023.

3. Legal Proceedings

The Company is not a party to and the Company's Properties are not the subject of any material pending legal proceeding.

Further, there are no pending criminal cases filed against the Company or any of its directors and key officers.

4. Submission of Matters to a Vote of Security Holders

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

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The shares of the Company consist solely of common shares which are presently listed and traded in the Philippine Stock Exchange. The high and low sales prices for the shares of the Company for each quarter within the last two fiscal years are as follows:

2022	**High**	**Low**
Third Quarter	-0-	-0-
Fourth Quarter	.7500	.1100

Holders

As of December 31, 2022, there are 449 holders of common shares of stocks of the Company.

The top 20 stockholders of the Company as of December 31, 2022 are as follows:

	Name of Stockholder	Number of Shares held	Percentage
1.)	Liberty Flour Mills, Inc.	14,649,999,993	58.60%
2.)	Parity Values, Inc.	4,175,964,939	16.70%
3.)	PCD Nominee Corp.	3,369,551,888	13.48%
4.)	Bacsay Management Corp.	385,692,198	01.54%
5.)	Sebring Management Corp.	215,425,038	00.86%
6.)	E.K.I Tourist Dev. Corp.	197,029,845	00.79%
7.)	L & J Agricultural Inc.	166,831,029	00.67%
8.)	Moreno, Jose Jr.	64,051,113	00.26%
9.)	Lopez Jr., Eduardo	63,167,292	00.25%
10.)	Pulmones, Amelia Kalaw	63,039,297	00.25%
11.)	Carvina Farms Inc.	53,124,480	00.21%
12.)	Feria, Paula K.	50,860,728	00.20%
13.)	Fajardo, Erwin M.	48,116,253	00.19%
14.)	Kalaw, Regina	43,340,004	00.17%
15.)	Lopez, Jose Ma. S.	43,088,086	00.17%
16.)	Galan, Norma Yu	36,207,405	00.14%
17.)	Fajardo, Eric	36,003,924	00.14%
18.)	Javellana, Maria Teresa V.	35,155,017	00.14%

19.)	Maramba III, Felix R.	33,667,446	00.13%
20.)	Quiros, Ma. Cristina V.	32,798,736	00.13%

Dividends

No Cash Dividends is paid during the fiscal year.

Property Dividends

At a meeting of the Board of Directors held on December 21, 2022, the declaration of 60% stock dividends equivalent to PhP150,000,000.00. Of such PhP150,000,000.00 dividend, PhP50,000,000 worth of shares shall be used to fully subscribe to the existing unissued shares of the Company, while the remaining PhP100,000,000.00 shall be used as the subscription and payment for the Corporation's increase in authorized capital stock.

The foregoing is subject to stockholder approval. Fractional shares resulting from the stock dividend will be rounded to the next zero.

Below is the schedule of Retained Earnings available for Dividend Declaration:

	Amount
Unappropriated retained earnings, beginning	₱318,762,302
Less: Non-actual/unrealized income, net of tax	
Fair value loss (gain) on financial assets at FVTPL	(123,588,483)
Benefit from deferred income tax	(1,006,947)
Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning	194,166,872
Add: Net loss actually earned/realized during the year	
Net loss closed to retained earnings	(45,981,667)
Less: Non-actual/unrealized income, net of tax	
Fair value loss on financial assets at FVTPL	57,368,134
Movement in deferred tax assets	(336,346)
Net loss actually earned/realized during the year	11,050,121
Less: Cash dividend declaration during the year	–
Total retained earnings available for dividend declaration, end	₱205,216,993

Recent Sales of Unregistered or Exempt Securities, including Recent Issuance of Securities Constituting an Exempt Transaction

The Company has not sold any securities, whether unregistered or exempt or any issuance constituting an exempt transaction under the Revised Securities Act (RSA) or the Securities Regulation Code (SRC), during the past three (3) years.

6. Management's Discussion and Analysis or Plan of Operation.

The selected financial information of the Company set forth below are derived from the audited financial statements submitted by Sycip Gorres Velayo & Co. for 2022:

Income Statement Data

For the Year December 31
(in Thousands of Pesos)

	2022	2021	2020
Income	₱232,918	₱307,418	₱288,316
Expense	(274,808)	(138,881)	(168,019)
Income Before Tax	(41,890)	168,537	120,297
Provision for Tax	(4,092)	(18,608)	(22,854)
Net Income	₱(45,982)	₱149,929	₱97,443

Balance Sheet Data

	As of December 31 (in Thousands of Pesos)		
	2022	**2021**	**2020**
Assets:			
Cash	₱43,064	₱46,759	₱39,672
Receivables	29,339	5,428	21,552
Financial assets at FVPL	121,714	180,449	81,937
Accrued rent - current	1,813	1,203	4,647
Prepaid expenses and other current assets	3,263	5,934	1,330
Investment properties	814,183	856,158	706,674
Advances to a related party	130,000	-	-
Financial assets at fair value through OCI	116,911	156,719	190,071
Accrued rent – noncurrent	7,830	77,405	54,399
Net retirement plan asset	6,587	13,076	5,257
Property and equipment	2,061	2,112	450
Other noncurrent assets	20,258	22,574	3,204
Total Assets	**₱1,297,023**	**₱1,367,817**	**₱1,109,193**
Liabilities:			
Notes payable – current portion	₱323,610	₱136,656	₱580,000
Accounts payable and other current liabilities	35,389	35,160	13,468
Deposits on long-term leases – current	34,667	12,726	10,377
Unearned rental income – current	4,723	4,654	4,818
Income tax payable	5,196	1,163	1,213
Notes payable – non-current	307,191	443,801	-
Payable to a related party	37,730	37,730	89,730
Deposits on long-term leases – noncurrent	8,102	18,604	19,974
Deferred tax liabilities	2,714	21,914	18,377
Unearned rental income – noncurrent	786	8,355	9,777
Other noncurrent liability	142,730	162,176	-
Total Liabilities	**₱902,838**	**₱882,939**	**₱747,734**
Stockholders' Equity			
Capital stock – P0.01 par value Issued – 25 billion shares	₱250,000	₱250,000	₱250,000
Fair value changes on financial assets at FVOCI	(137,263)	(97,456)	(64,104)
Accumulated remeasurement gains (losses) on retirement benefits	8,668	13,572	6,729
Retained earnings – unappropriated	272,780	318,762	168,834
Total Stockholders' Equity	**₱394,185**	**₱484,878**	**₱361,459**
Total Liabilities and Stockholders' Equity	**₱1,297,023**	**₱1,367,817**	**₱1,109,193**

<u>2022</u>

<u>Results of Operations</u>

The Company generated total gross revenues of ₱230.7 million for the year ended December 31, 2022, a slight increase of 3% from ₱223.7 million total gross revenues for the year ended December 31, 2021 this is due to a higher rent discount/rent concession given last year.

As a result of the COVID-19 pandemic, the Company provided rent concessions to its tenants in the form of deferment of payments, two-month rent-free periods and discounts in 2022 and 2021. Certain lease agreements were also pre-terminated. The Company accounted for the deferment of payment, rent-free periods and discounts provided as not a lease modification since there were no substantive changes to the terms and conditions of the lease; while the shortening of lease period were treated as lease modifications. The rent concessions resulted to a reduction in rental income amounting to ₱2.7 million and ₱5.5 million in 2022 and 2021, respectively Lease termination resulted in a decrease in accrued rent amounting to ₱84.7 million and ₱2.9 million in 2022 and 2021, respectively, and rental income amounting to ₱nil and ₱2.4 million in 2022 and 2021, respectively.

Cost of rental services amounted to ₱77.3 million versus to ₱77.7 million last year, with a very minimal decrease of ₱0.4 million.

General and administrative expenses amounted to ₱25.4 million, 2% lower than last year's ₱25.9 million or ₱0.5 million.

Other income (expenses) net amounted to ₱(169.9) million, down by ₱218.3 million or 451% from same period last year. The decrease was mainly due to ₱141.3 million decrease in fair value changes of financial assets as of December 31, 2022 and loss on pretermination of lease contract of ₱85.4 million. Interest expense however, decreased by ₱2.8 million due to partial payment of loan principal.

Financial Condition

Total Assets of the Company as of December 31, 2022 stood at ₱1.297 billion, a decrease of 5% or ₱71 million from ₱1.368 million as of December 31, 2021.

Cash and cash equivalents decreased by 8% or ₱3.7 million was mainly due uncollected receivables.

The increase in Receivables by ₱24 million or 441% was mainly due to uncollected receivable of as of December 31, 2022 from one of the major tenants of the company which was collected during the first week of April 2023.

Other Current Assets decreased by 45% or ₱2.7 million. The decrease is due to utilization of input VAT ₱2.6 million during the year.

The decrease in Investment Properties - net by ₱42 million was primarily due to depreciation of existing Investment Properties.

Total Liabilities of the Company as of December 31, 2022 amounted to ₱902.8 million increased by 2% or ₱19.9 million from 2021 of ₱882.9 million. The increase is primarily due to increase of company's notes payable amounting to ₱50 million net of payments, Deposits on longterm leases increased by ₱3.9 received from new tenants, offset by decreased in deferred tax income tax liability of ₱19.2 from accrued rent, ₱19.5million payment of payable in relation to acquisition of Nuvali lot and increase in income tax payable of ₱4.0 million.

Total Equity stood at ₱394.2 million as of December 31, 2022, versus ₱484.9 million as of December 31, 2021. The Company generated net loss of ₱46.0 million for the year ended December 31, 2022 primarily because of fair value changes of financial assets at fair value through profit and loss amounting to ₱58.8 million and ₱85.4 loss on pretermination of lease contract of one of the company's major tenants.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company. There are no seasonal aspects which had a material effect on the Company's financial condition or results of operation.

Further discussion of material changes in amount of accounts with 5.0% or more change:

Accounts Receivable – The increase in account is mainly due to uncollected receivable of as of December 31, 2022 from one of the major tenants of the company.

Financial Assets at FVPL – The decrease is due to mark to market adjustment at December 31, 2022.

Accrued Rent – The decrease is primarily due to pretermination of lease contract of one of the major tenants of the Company

Deposit – This is the deposit related to the acquisition of the land and building from a related party.

Financial assets at fair value through other comprehensive income (FVOCI) – The decrease is due to mark to market adjustment at December 31, 2022.

Notes payable – The increase is due to availment of additional loan for the deposit of the acquisition of land and building from a related party.

Income tax payable – The decrease is due to higher recognition of income tax payable the year 2022.

Deposits on longterm lease - The increase is due to collection of deposit from new tenants.

Unearned rental income current and non current – The decrease is due to pretermination of lease contract during the year.

Deferred tax Liability – The decrease is primarily due to pretermination of lease contract of one of the major tenants of the company.

Retained earnings – The decrease is due primarily of fair value changes of financial assets at fair value through profit and loss amounting to ₱58.8 million ₱85.4 loss on pretermination of lease contract of one of the company's major tenants

<u>2021</u>

Results of Operations

The Company generated total gross revenues of ₱223.7 million for the year ended December 31, 2021, a slight decrease of 3% from ₱229.9 million total gross revenues for the year ended December 31, 2020.

As a result of the COVID-19 pandemic, the Company provided rent concessions to its tenants in the form of deferment of payments, two-month rent-free periods and discounts in 2021 and 2020. Certain lease agreements were also pre-terminated. The Company accounted for the deferment of payment, rent-free periods and discounts provided as not a lease modification since there were no substantive changes to the terms and conditions of the lease; while the shortening of lease period were treated as lease modifications. The rent concessions resulted to a reduction in rental income amounting to ₱5.5 million and ₱4.1 million in 2021 and 2020, respectively. Lease termination resulted in a decrease in accrued rent amounting to ₱2.9 million and ₱0.3 million in 2021 and 2020, respectively, and rental income amounting to ₱2.4 million and ₱1.0 million in 2021 and 2020, respectively.

Cost of rental services amounted to ₱77.7 million versus to ₱106.2 million last year, a decrease of ₱28.5million is primarily due to real estate tax in 2019 that was paid in 2020.

General and administrative expenses amounted to ₱25.9 million, 4% lower than last year's ₱27.1 million a slight decrease of ₱1.2 million was primarily due to decrease in professional fees paid during the year.

Other income (charges) net amounted to ₱48.4 million, up by ₱24.8 million or 105% from same period last year. The increase was mainly due to ₱25.5 million increase in fair value changes of financial assets as of December 31, 2021, increase of dividend income from the investment in stock of ₱0.5million, interest expense decreased by ₱4.1 million due to decrease in interest rate. The company, however, recognized a loss on loan modification amounting to ₱5.0 million.

Financial Condition

Total Assets of the Company as of December 31, 2021 stood at ₱1.368 billion, an increase of 23% or ₱259 million from ₱1.109 billion as of December 31, 2020. The increase is primarily due to the cost of Nuvali Lot acquired by the Company during the year amounting to ₱214 million including deferred input VAT.

Cash of the Company as of December 31, 2021 is ₱46.8 million versus ₱39.7 million last year a slight increase of ₱7 million.

The decrease in Receivables by 75% or ₱16.1 million was mainly attributable to the collection of receivables from broker of amounting to ₱13.5 million

Other Current Assets increased by 346% or ₱4.6 million was due ₱2.6 million balance of input value-added tax after offsetting the output value-added tax and ₱2.2million deferred input tax from the acquisition of Nuvali Lot.

The increase in Investment Properties - net by ₱149 million was to the cost of Nuvali Lot acquired by the Company during the year net of depreciation of the existing Investment Properties.

Total Liabilities of the Company as of December 31, 2021 amounted to ₱882.9 million increased by 18% or ₱135.2 million from 2020 of ₱747.7 million. The increase is primarily due to the liability recognized by the company relative to the acquisition of Nuvali Lot.

Total Equity stood at ₱484.9 million as of December 31, 2021, versus ₱361.5 million as of December 31, 2020. The Company generated Net Income of ₱149.9 million during the twelve months ended December 31, 2021.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company. There are no seasonal aspects which had a material effect on the Company's financial condition or results of operation.

Further discussion of material changes in amount of accounts with 5.0% or more change:

Accounts Receivable – The decreases of 75% is due to high collections as of December 31, 2021.

Financial Assets at FVPL – The increase of 120% is due to mark to market adjustment at December 31, 2021.

Accrued Rent – The increase is primarily due to adjustment made on the recognition of rental income using straight line method based on the terms of the lease agreement per PAS 17 on Lease.

Other current Assets - The increase is due to unused input VAT and deferred input VAT from the acquisition of the Nuvali lot.

Financial assets at fair value through other comprehensive income (FVOCI) – The decrease is due to mark to market adjustment at December 31, 2021.

Investment properties – the increase is due to Nuvali Lot acquired by the Company during the year.

Other Noncurrent assets – Increase is due to non current portion of deferred input VAT from the acquisition of the Nuvali lot.

Accounts payable and other current liabilities – Increase is primarily due to the liability recognized by the company relative to the acquisition of Nuvali Lot

Deposits on longterm lease - The increase is due to collection of deposit from new tenants.

Payable to related party – The decrease is due to payment to related party on the acquisition of Air rights.

Deferred tax Liability – The increase is due is primarily due to increase in accrued rent and accrued retirement.

Retained earnings – The increase is due to income posted during the year and ₱82.5 million fair value changes of financial assets at fair value through profit and loss.

2020

Results of Operations

The Company generated total gross revenues of ₱229.9 million for the year ended December 31, 2020, an increase of 29% from ₱178.6 million total gross revenues for the year ended December 31, 2019. The increase in rental revenues was mainly attributable to rental income generated from Liberty Center Plaza for twelve (12) months versus of only seven (7) months in the year 2019. EBIT increased by 48% or ₱50.02 million while EBITDA posted a 36% or ₱52.4 million increase.

Cost of rental services amounted to ₱106.2 million in 2020, higher by 80% from the same period last year. The increase was due primarily to real estate tax and depreciation expense for Liberty Plaza Building and increase in operational cost such as communication, light and water.

General and administrative expenses amounted to ₱27.1 million in 2020, 12% lower than the ₱30.7 million in year 2019 due to commission fee paid in year 2019 to real estate agents for acquiring new tenants for Liberty Plaza Building, and documentary stamp tax paid to new rental contracts and increase in personnel cost.

Other income (charges) amounted to ₱0.43 million in 2020, up by ₱0.43 million or 100% from same period in year 2019. The increase was mainly due to electric and water consumption charged to tenants.

As a result of the COVID-19 pandemic, the Company provided rent concessions to its tenants in the form of deferment of payments, two-month rent-free periods and discounts in 2020. Certain lease agreements were also pre-terminated. The Company accounted for the deferment of payment, rent-free periods and discounts provided as not a lease modification; while the shortening of lease period were treated as lease modifications. The rent concessions resulted to a reduction in rental income amounting to ₱4.1 million; while the lease termination resulted to a decrease in accrued rent and rental income amounting to ₱0.3 million and ₱1.0 million respectively, as of and for the year ended December 31, 2020.

Financial Condition

Total Assets of the Company as of December 31, 2020 stood at ₱1.1 billion, an increase by ₱159.5 million from ₱949.7 million as of December 31, 2019.

Cash increased by 99% or ₱19.7 million in 2020 due to cash generated from operations; offset by loan payments amounting to ₱52.9 million and capital expenditures of ₱10.9 million.

The increase in Receivables by 32% or ₱5.3 million in 2020 was mainly attributable to increase in receivable to broker of marketable securities of ₱5.1 million ₱2.1 million increase in receivable from various tenants and offset by ₱2.0 million collection of advances to officers and employees.

Other Current assets decreased by 94% or ₱20.9 million due to application of input value-added tax against output valueadded tax and creditable withholding to income tax due.

The increase in Investment Properties - net by ₱58.2 million in 2020 was due primarily to ₱99.7 million acquisition of Air rights and ₱0.9 million capital expenditures offset by depreciation of existing Investment Properties of ₱42.5 million

Total Liabilities of the Company as of December 31, 2020 amounted to ₱747.7 million decreased by 7% or ₱46.9 million from 2019 of ₱700.8 million. The decrease is primarily due to payments of ₱52.9 million of loans offset by increase of ₱8.5 million in payables and ₱1.2 million increase in income tax payable.

Total Equity stood at ₱361.5 million as of December 31, 2020, versus ₱248.9 million in year 2019. The Company generated Net Income of ₱97.4 million during the year ended December 31, 2020.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company. There are no seasonal aspects which had a material effect on the Company’s financial condition or results of operation.

Further discussion of material changes in amount of accounts with 5.0% or more change:

Accounts Receivable – The increase of 32% is due to lower collections as of December 31, 2020.

Financial Assets at FVPL – The increase of 213% is due to mark to market adjustment at December 31, 2020.

Accrued Rent – The increase is primarily due to adjustment made on the recognition of rental income using straight line method based on the terms of the lease agreement per PAS 17 on Lease.

Other current Assets - The decrease is due to utilization of input VAT and creditable withholding taxes.

Investment properties – The increase is due to acquisition of Air rights from a related party.

Notes payable – The decrease is due to partial payment of loan.

Deposits on longterm lease - The increase is due to collection of deposit from new tenants.

Unearned rental income current and non current – The increase is due to collection of unearned rental income during the year.

Deferred tax Liability – The increase is due is primarily due to increase in accrued rent and accrued retirement.

Retained earnings – The increase is due to income posted during the year and ₱57 million fair value changes of financial assets at fair value through profit and loss.

Summary of 2023 and 2024 Forecasted Financial Statements

The Company has prepared financial projections for the years ending December 31, 2023 and 2024. The Company forecasts its net income to decrease by 2%-66% from its preceding year. This is due to high interest on loans that will be availed in relations to the acquisition of the land and building.

The Company has material commitments for capital expenditures for the year 2023. Spending has actually started in 2022 and full spending might be completed by the end 2023.

As the forecast is based on assumptions about circumstances and events that have not yet occurred and are subject to significant uncertainties beyond the Company's control, there can be no assurance that the forecast will be realized. Actual results may be materially different from those shown in the forecast. Under no circumstances should the inclusion of the forecasted financial statements be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions, or that the Company will achieve or is likely to achieve the particular results.

Management Discussion of Future Plans for Operation

The Company expects to spend around P1 Billion in 2023 and -0- in 2024 to purchase land and building as investment property.

7. CHANGES IN AND DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING DISCLOSURE

There have been neither changes in nor disagreements with accountants on accounting and financial disclosure.

The Company paid P500,000 excluding of VAT and OPE for the audit.

In the selection of auditors, the audit committee give nominations to the Board which, the Board along with the stockholders select and approve during the annual stockholders' meeting.

PART III - CONTROL AND COMPENSATION INFORMATION

8. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

The overall management and supervision of the Company is undertaken by the Board of Directors ("Board") composed of seven (7) members, two (2) of whom are independent directors. The term of a director is one (1) year from the date of election and until their successors are elected and qualified

The Directors of the Company are as follows:

Name of Directors	Age	Citizenship	Position
William Carlos Uy	81	Filipino	Chairman of the Board
Jose S. Jalandoni	68	Filipino	President and Director
William L. Ang	72	Filipino	Vice President and Treasurer
Jose Ma. S. Lopez	78	Filipino	Director
John Carlos Uy	72	Filipino	Director
David Ng*	61	Filipino	Director
Jose A. Feria Jr.*	75	Filipino	Director

* Independent Director

The following are the Company's executive officers:

Name	Age	Citizenship	Position
Jose S. Jalandoni	68	Filipino	President
William L. Ang	72	Filipino	Vice President & Treasurer
Ma. Adelina S. Gatdula	60	Filipino	Corporate Secretary

Following is a brief description of the respective backgrounds of the Company's directors and senior management, who have all been nominated for another term, their respective ages and involvement in other businesses for the past five (5) years:

William Carlos Uy. 81 years old. He serves as the Chairman of the Board of Directors of the Company. He is presently the Chairman of the Board of Directors of Liberty Flour Mills, Inc. and President of Parity Values, Inc., with both corporations being a non-public stockholder of the Company. He also serves as the: (a) President of UPCC Securities Corporation; (b) Vice Chairman of UPCC Holdings Corporation; and (c) Corporate Treasurer of Malayan Bank.

Jose S. Jalandoni. 68 years old. He serves as the Company's President starting April 19, 2021. He is a currently the Chairman of Valueline Realty Development Corp and Unicomm Ingredients Phils Inc, Chairperson of Kanlaon Farms, Inc., Vice Chairman of Enterprise Car Lease Phils Inc, President of Beechwood Corp and Percom OPC., Director, and Audit Committee Member of Liberty Flour Mills, Inc. He also serves as Corporate Secretary of Kanlaon Development Corporation, Piliwood Bacolod Corp, Jayjay Realty Corporation JM & Company, Inc., Assistant Treasurer of JM Profreeze, Assistant Corporate Secretary of JM Brenton. And Director and Officer in Charge in Agchem Manufacturing Corporation.

William L. Ang. 72 years old. He serves as the Company's Vice President and Treasurer starting March 1, 2022. He is a Director of Liberty Flour Mills, Inc. Mr. Ang holds the position of First Vice President and Treasurer of Parity Values, Inc. He is also a stockholder and Treasurer of Trade Demands Corporation and a Director of Securities Clearing Corporation of the Philippines.

Jose Ma. S. Lopez. 78 years old. He serves as the Company's Director. He is presently a Director and Senior Vice President and Treasurer of Liberty Flour Mills, Inc. He is a Director in other corporations including Agchem Manufacturing Corporation and Liberty Commodities Corporation. He is also the Senior Vice President of Lopez Sugar Corporation.

John Carlos Uy. 72 years old. He serves as the Company's Director. He is presently a Director of Liberty Flour Mills, Inc. and Director and the General Manager of Parity Values, Inc., with both corporations being a non-public stockholder of the Company.

David Ng, 61 years old. He serves as the Company's Independent Director. He is presently the President of Merlin Mining Corporation, Lucky Jade Corporation and Cotlesloe Trading Corp. He is also the General Manager of New RTC International Co., Inc., Administrator of Logic Pacific, Inc.

Jose A. Feria Jr., 75 years old. He serves as the Company's Independent Director. He is presently the Senior Partner of Feria Tantoco Daos Law Offices. Atty. Feria holds the Chairman position for the following Companies: Assessment Analytichs, Inc., Cyan Management Corporation, Philippine Multi-media Systems, Inc., MG Exeo Network, Inc., Premiere Travel and Tours, Inc., Spencer Food Corp., Vinnel Belvoir Corp. and Padre Burgos Realty, Inc. He also serves as Vice Chairman of Directories Philippines Corp. Moreover, Atty. Feria is a Director of the following Companies: Liberty Flour Mills, Inc., EYP.PH Corporation, AeroAsia, Inc., HL&F Management Corp., Macawiwili Gold Mining & Development Corporation, Metropolitan Insurance Corp., Montecito Properties, Inc, Padre Burgos, Pru-Life Insurance Corp.-UK, Telephilippines Inc. and lastly, he is the Corporate Secretary of AisAsia Inc., All Asian Counter Tarde, Inc., Felvisol Development Corp. and Sanara Inc.

Ma. Adelina S. Gatdula, 60 years old. She serves as the Company's Corporate Secretary. She graduated from the University of the Philippines with a degree in A.B. Economics, cum laude, and from the University of the Philippines College of Law. She also serves as Director and/or Corporate Secretary of various Philippine corporations engaged in the real estate business, business process outsourcing, and insurance, among others

All the directors and officers of the Company possess a high degree of integrity and character and are fully capable and able to perform their duties as directors and officers, respectively. None of the directors or officers has been declared bankrupt nor has there been any petition filed by or against any of the directors, nor to any businesses of which they were a part of. Nor have any of them been convicted of any crime, domestic or foreign and there are no criminal proceedings presently pending against any of them. Nor have any of them been temporarily or permanently barred, suspended or otherwise limiting any of their involvement in any type of business.

9. Executive Compensation

The aggregate compensation paid to the Company's Executive Officers for the years 2022 and 2021 are P2.37 million and P 3.03 million respectively.

Information as to the aggregate compensation paid or accrued by the Company during the last two (2) fiscal years and to be paid in the ensuing fiscal year to the Company's Chief Executive Officer and two (2) most highly compensated executive officers, namely, Jose S. Jalandoni and William L. Ang.

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others
Jose S. Jalandoni	President *Promoted to President effective April 19, 2021*	2022	2.37	1.78	0.59
Sergio G. Locsin Jr.	Vice President and Treasurer *Vice President and Treasurer-Jan 2003 to February 28, 2022*				
William L. Ang	Vice President and Treasurer *March 1, 2022 to Present*				

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others
Jesus S. Jalandoni Jr.	President *President - March 1, 1997 to April 19, 2021*	2021	3.03	2.27	0.76
Sergio G. Locsin Jr.	Vice President and Treasurer				
Jose S. Jalandoni	MIS Manager *(April 1997 to April 18, 2021) Promoted to President effective April 19, 2021*				

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others
Jesus S. Jalandoni Jr.	President *President - March 1, 1997 to April 19, 2021*	2020	4.12	3.09	1.03
Sergio G. Locsin Jr.	Vice President and Treasurer				
Jose S. Jalandoni	MIS Manager *(April 1997 to April 18, 2021) Promoted to President effective April 19, 2021*				

Security Holders

As of December 31, 2022, there are 449 holders of **common shares** of stocks of the Company.

The top 20 stockholders of the Company as of December 31, 2022 are as follows:

	Name of Stockholder	Number of Shares held	Percentage
1.)	Liberty Flour Mills, Inc.	14,649,999,993	58.60%
2.)	Parity Values, Inc.	4,175,964,939	16.70%
3.)	PCD Nominee Corp.	3,369,551,888	13.48%
4.)	Bacsay Management Corp.	385,692,198	01.54%
5.)	Sebring Management Corp.	215,425,038	00.86%
6.)	E.K.I Tourist Dev. Corp.	197,029,845	00.79%
7.)	L & J Agricultural Inc.	166,831,029	00.67%
8.)	Moreno, Jose Jr.	64,051,113	00.26%
9.)	Lopez Jr., Eduardo	63,167,292	00.25%
10.)	Pulmones, Amelia Kalaw	63,039,297	00.25%
11.)	Carvina Farms Inc.	53,124,480	00.21%
12.)	Feria, Paula K.	50,860,728	00.20%
13.)	Fajardo, Erwin M.	48,116,253	00.19%
14.)	Kalaw, Regina	43,340,004	00.17%
15.)	Lopez, Jose Ma. S.	43,088,086	00.17%
16.)	Galan, Norma Yu	36,207,405	00.14%
17.)	Fajardo, Eric	36,003,924	00.14%
18.)	Javellana, Maria Teresa V.	35,155,017	00.14%
19.)	Maramba III, Felix R.	33,667,446	00.13%
20.)	Quiros, Ma. Cristina V.	32,798,736	00.13%

10. Certain Relationships and Related Transactions

Some of the directors of the Company are also directors and stockholders of the Parent Company. All transactions, however, between the Company and related companies are at arm’s length transactions and above board.

<u>Family Relationships</u>

Jose Jalandoni and Jose Ma. S. Lopez are cousins.

William Carlos Uy and John Carlos Uy are siblings.

Other than the above, the Company is not aware of any family relationships among the directors and officers of the Company.

PART IV – CORPORATE GOVERNANCE

11. COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

The Company continues to abide by the duly adopted Manual on Corporate Governance of the Company (the "Manual") and the Code of Corporate Governance promulgated by the Securities and Exchange Commission. Pursuant thereto, the Company appointed Mr. Gabriel Marasigan, as the Compliance Officer of the Company to ensure the Company's adherence to corporate principles and best practices and monitor compliance with the provisions and requirements of the Manual.

In addition to the Audit Committee composed of Jose A. Feria, Jr as Chairman, David Ng and John Carlos Uy as members, the Company also constituted its Nomination Committee and appointed Jose S. Jalandoni as its Chairman with William L. Ang and Jose A. Feria, Jr. as members. The Company also created its Compensation and Remuneration Committee composed of David Ng as Chairman and John Carlos Uy and Jose S. Jalandoni as members.

There have been no deviations for the past year from the Company's Manual of Corporate Governance.

The Company continuously reviews and evaluates its Manual in order to ensure that the Company's practices are compliant with leading practices on good corporate governance.

PART V – EXHIBITS AND SCHEDULES

Also attached in this report the following attachments:

Annex A – Audited Financial Statement and SMR
Annex B – Sustainability Report

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on the 12th of April, 2023.

By:

JOSE S. JALANDONI
President

WILLIAM L. ANG
Vice President and Treasurer

MA. ADELINA S. GATDULA
Corporate Secretary

HYDELIZA R. DE GUZMAN
Accounting Manager

SUBSCRIBED AND SWORN to before me this APR 14 2023 day of ______ affiant(s) exhibiting to me their TIN, as follows:

Name	TIN
Jose S. Jalandoni	134-319-308
William L. Ang	123-205-116
Ma. Adelina S. Gatdula	107-043-114
Hydeliza R. de Guzman	210-147-199

Doc No. 419
Page No. 85
Book No. XII
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; Makati City
IBP Lifetime No. 013595; 12-27-2013; LC.
Roll No. 37226
MCLE Compliance No. VII-0024195; 11-15-2022
Ground Floor, Makati Terraces Condominium
3650 Davila St., Brgy. Tejeros, Makati City 1204

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on the 12th of April, 2023.

By:

JOSE S. JALANDONI
President

WILLIAM L. ANG
Vice President and Treasurer

MA. ADELINA S. GATDULA
Corporate Secretary

HYDELIZA R. DE GUZMAN
Accounting Manager

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C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	O	9	5	0	1	2	5	6	1

;COMPANY NAME

LFM PROPERTIES CORPORATION (A Subsidiary of Liberty Flour Mills, Inc.)

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

3rd Floor, Liberty Building, A. Arnaiz Avenue, Makati City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
finance@lfmproperty.com	8893-7790/8893-7792	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
449	May 25	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
William L. Ang	williamlimang@gmail.com	(02) 8893-7790	–

CONTACT PERSON's ADDRESS

3rd Floor Liberty Building, 835 A. Arnaiz Avenue, Makati City

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
LFM Properties Corporation
3rd Floor, Liberty Building
A. Arnaiz Avenue
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LFM Properties Corporation (a subsidiary of Liberty Flour Mills, Inc.) (the Company), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

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

Fair Value of Investment Properties

The Company operates mixed-use office buildings, vacant commercial land and condominium units located in Luzon. The Company accounts for its investment properties using the cost model and discloses the fair value as required under PAS 40, *Investment Property*. As at December 31, 2022, the carrying value and fair value of investment properties amounted to ₱814.18 million and ₱3,709.28 million, respectively. Management determined the fair value of the investment properties based on the valuations carried out by an external valuer using income and market data approaches.

We identified the disclosure on fair value of the Company's investment properties as a key audit matter because it is a significant disclosure given the Company's leasing business and the determination of the fair values of these properties involves significant management assumptions and estimations. These assumptions include discount rates and growth rates, which are influenced by the prevailing market rates and comparable market transactions and subject to higher level of estimation uncertainty due to the current economic conditions.

The disclosures on the fair value of investment properties are included in Note 9 of the financial statements.

Audit Response

With the assistance from our internal valuation specialists, we evaluated the valuation methodology adopted and the underlying assumptions used in the fair value determination of investment properties as at December 31, 2022. These assumptions include discount and growth rates.

We compared the key assumptions used such as growth rates against the historical performance per building, contractual terms, and relevant external data. We tested the parameters used in determining discount rates against market data. We evaluated the competence, capabilities, and objectivity of the external valuer by considering their qualifications, experience, and reporting responsibilities. We also assessed the adequacy of the fair value disclosures of investment properties in the financial statements.

Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 25 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of LFM Properties Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Gaile A. Macapinlac.

SYCIP GORRES VELAYO & CO.

Gaile A. Macapinlac
Partner
CPA Certificate No. 98838
Tax Identification No. 205-947-572
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 98838-SEC (Group A)
Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-126-2022, November 7, 2022, valid until November 6, 2025
PTR No. 9564648, January 3, 2023, Makati City

March 29, 2023

LFM PROPERTIES CORPORATION
(A Subsidiary of Liberty Flour Mills, Inc.)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash (Notes 4 and 21)	**₱43,063,573**	₱46,758,816
Receivables (Notes 5 and 21)	**29,338,711**	5,427,848
Financial assets at fair value through profit or loss (FVTPL) (Notes 6 and 21)	**121,713,643**	180,448,991
Accrued rent - current portion (Note 13)	**1,813,322**	1,202,767
Prepaid expenses and other current assets (Notes 7 and 9)	**3,263,344**	5,934,271
Total Current Assets	**199,192,593**	239,772,693
Noncurrent Assets		
Investment properties (Notes 9 and 12)	**814,182,586**	856,158,160
Deposit (Note 20)	**130,000,000**	–
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 8 and 21)	**116,911,541**	156,718,845
Accrued rent - net of current portion (Note 13)	**7,830,463**	77,404,488
Net retirement plan asset (Note 18)	**6,587,047**	13,076,486
Property and equipment (Note 10)	**2,060,738**	2,112,061
Other noncurrent assets (Notes 7, 9 and 10)	**20,257,791**	22,574,088
Total Noncurrent Assets	**1,097,830,166**	1,128,044,128
TOTAL ASSETS	**₱1,297,022,759**	₱1,367,816,821
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of notes payable (Notes 11 and 21)	**₱323,609,473**	₱136,655,732
Accounts payable and other current liabilities (Notes 9, 12 and 21)	**35,389,267**	35,159,581
Current portion:		
Deposits on long-term leases (Note 13)	**34,666,893**	12,725,979
Unearned rental income (Note 13)	**4,722,712**	4,654,473
Income tax payable	**5,196,280**	1,163,501
Total Current Liabilities	**403,584,625**	190,359,266
Noncurrent Liabilities		
Notes payable - net of current portion (Notes 11 and 21)	**307,191,309**	443,800,782
Payable to a related party (Notes 9, 20 and 21)	**37,730,000**	37,730,000
Deposits on long-term leases - net of current portion (Note 13)	**8,101,480**	18,603,788
Deferred tax liabilities - net (Note 19)	**2,714,415**	21,913,988
Unearned rental income - net of current portion (Note 13)	**785,885**	8,355,115
Other noncurrent liability (Notes 9, 12 and 21)	**142,729,767**	162,176,225
Total Noncurrent Liabilities	**499,252,856**	692,579,898
Total Liabilities	**902,837,481**	882,939,164
Equity		
Capital stock (Note 14)	**250,000,000**	250,000,000
Other components of equity:		
Fair value changes on financial assets at FVOCI (Note 8)	**(137,263,474)**	(97,456,170)
Accumulated remeasurement gains on defined benefit plan (Note 18)	**8,668,117**	13,571,525
Retained earnings	**272,780,635**	318,762,302
Total Equity	**394,185,278**	484,877,657
TOTAL LIABILITIES AND EQUITY	**₱1,297,022,759**	₱1,367,816,821

See accompanying Notes to Financial Statements.

LFM PROPERTIES CORPORATION
(A Subsidiary of Liberty Flour Mills, Inc.)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
RENTAL INCOME (Notes 9 and 13)	**₱230,739,119**	₱223,737,958	₱229,942,526
DIRECT COSTS (Notes 9 and 15)	**77,299,074**	77,700,259	106,157,570
GROSS PROFIT	**153,440,045**	146,037,699	123,784,956
OPERATING EXPENSES (Notes 10, 16, 17, 18 and 20)	**25,418,019**	25,914,768	27,112,926
INCOME BEFORE OTHER INCOME (CHARGES) AND INCOME TAX	**128,022,026**	120,122,931	96,672,030
OTHER INCOME (CHARGES)			
Loss on pretermination of lease contract (Notes 13 and 24)	**(85,402,721)**	–	–
Fair value changes of financial assets at FVTPL (Note 6)	**(58,797,005)**	82,498,404	56,973,047
Interest expense (Notes 11 and 13)	**(27,890,956)**	(30,684,544)	(34,748,725)
Dividend income (Note 6)	**1,068,560**	1,103,406	601,500
Gain on sale of financial assets at FVTPL (Note 6)	**502,046**	–	100,685
Interest income (Notes 4 and 5)	**29,711**	77,949	264,137
Other income (expense) (Note 11)	**578,134**	(4,581,278)	434,599
	(169,912,231)	48,413,937	23,625,243
INCOME (LOSS) BEFORE INCOME TAX	**(41,890,205)**	168,536,868	120,297,273
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 19)			
Current	**21,656,566**	16,711,331	14,472,788
Deferred	**(17,565,104)**	1,896,491	8,380,870
	4,091,462	18,607,822	22,853,658
NET INCOME (LOSS)	**(45,981,667)**	149,929,046	97,443,615
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Net fair value changes on financial assets at FVOCI (Note 8)	**(39,807,304)**	(33,352,066)	6,724,207
Remeasurement gain (loss) on defined benefit plans (Note 18)	**(6,537,877)**	8,483,192	12,017,933
Income tax effect	**1,634,469**	(1,640,189)	(3,605,380)
	(44,710,712)	(26,509,063)	15,136,760
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱90,692,379)**	₱123,419,983	₱112,580,375
BASIC/DILUTED EARNINGS (LOSS) PER SHARE (Note 14)	**(₱0.00184)**	₱0.0060	₱0.0039

See accompanying Notes to Financial Statements.

LFM PROPERTIES CORPORATION
(A Subsidiary of Liberty Flour Mills, Inc.)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

		Other Components of Equity			
	Capital Stock (Note 14)	Fair Value Changes on Financial assets at FVOCI (Note 8)	Accumulated Remeasurement Gains (Losses) on Defined Benefit Plan (Note 18)	Retained Earnings	Total
Balances at January 1, 2022	**₱250,000,000**	**(₱97,456,170)**	**₱13,571,525**	**₱318,762,302**	**₱484,877,657**
Net loss	**–**	**–**	**–**	**(45,981,667)**	**(45,981,667)**
Other comprehensive loss	**–**	**(39,807,304)**	**(4,903,408)**	**–**	**(44,710,712)**
Balances at December 31, 2022	**₱250,000,000**	**(₱137,263,474)**	**₱8,668,117**	**₱272,780,635**	**₱394,185,278**
Balances at January 1, 2021	₱250,000,000	(₱64,104,104)	₱6,728,522	₱168,833,256	₱361,457,674
Net income	–	–	–	149,929,046	149,929,046
Other comprehensive income (loss)	–	(33,352,066)	6,843,003	–	(26,509,063)
Balances at December 31, 2021	₱250,000,000	(₱97,456,170)	₱13,571,525	₱318,762,302	₱484,877,657
Balances at January 1, 2020	₱250,000,000	(₱70,828,311)	(₱1,684,031)	₱71,389,641	₱248,877,299
Net income	–	–	–	97,443,615	97,443,615
Other comprehensive income	–	6,724,207	8,412,553	–	15,136,760
Balances at December 31, 2020	₱250,000,000	(₱64,104,104)	₱6,728,522	₱168,833,256	₱361,457,674

See accompanying Notes to Financial Statements.

LFM PROPERTIES CORPORATION
(A Subsidiary of Liberty Flour Mills, Inc.)

STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**(₱41,890,205)**	₱168,536,868	₱120,297,273
Adjustments to reconcile income before income tax to net cash flows:			
Loss on pretermination of lease contract (Notes 13 and 24)	**85,402,721**	–	–
Fair value changes of financial assets at fair value through profit or loss (Note 6)	**58,797,005**	(82,498,404)	(56,973,047)
Depreciation and amortization (Notes 9 and 10)	**43,663,071**	43,068,510	42,965,106
Interest expense (Notes 11 and 13)	**27,890,956**	30,684,544	34,748,725
Dividend income (Note 6)	**(1,068,560)**	(1,103,406)	(601,500)
Gain on sale of financial assets at FVTPL (Note 6)	**(502,046)**	–	(100,685)
Movement in net retirement plan asset (Note 18)	**(48,438)**	663,219	999,467
Interest income (Notes 4 and 5)	**(29,711)**	(77,949)	(264,137)
Loss on loan modification (Note 11)	**–**	4,981,822	–
Working capital changes:			
Decrease (increase) in:			
Receivables	**(23,910,863)**	16,124,179	(5,282,241)
Accrued rent	**(15,723,884)**	(19,561,284)	(29,620,084)
Prepaid expenses and other current assets	**2,670,927**	(2,398,764)	20,887,056
Increase (decrease) in:			
Accounts payable and other current liabilities	**1,334,261**	(642,462)	4,073,360
Deposits on long-term leases	**10,100,297**	(492,032)	(826,942)
Unearned rental income	**(8,216,358)**	(1,585,588)	(1,120,387)
Net cash flows generated from operations	**138,469,173**	155,699,253	129,181,964
Income tax paid	**(17,623,787)**	(16,760,761)	(13,259,857)
Interest received	**29,711**	77,949	264,137
Net cash provided by operating activities	**120,875,097**	139,016,441	116,186,244
CASH FLOWS FROM INVESTING ACTIVITIES			
Deposit (Note 20)	**(130,000,000)**	–	–
Proceeds from sale of financial assets at FVTPL (Note 6)	**7,937,066**	–	8,275,685
Purchase of financial assets at FVTPL (Note 6)	**(7,496,677)**	(16,013,514)	(6,947,589)
Additions to:			
Property and equipment (Note 10)	**(1,227,679)**	(2,152,176)	(207,227)
Investment properties (Notes 9 and 23)	**–**	(31,555,521)	(10,901,430)
Dividends received (Note 6)	**1,068,560**	1,103,406	601,500
Decrease (increase) in other noncurrent assets	**110,474**	272,768	(172,768)
Net cash used in investing activities	**(129,608,256)**	(48,345,037)	(9,351,829)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availment of bank loans (Note 11)	**187,000,000**	–	–
Payments of:			
Notes payable (Note 11)	**(136,470,588)**	–	(52,900,000)
Interest (Note 11)	**(27,109,639)**	(27,235,028)	(34,215,967)
Other noncurrent liability (Note 9)	**(18,381,857)**	–	–
Payable to a related party (Note 9)	**–**	(52,000,000)	–
Debt issue cost (Note 11)	**–**	(4,350,000)	–
Net cash provided by (used in) financing activities	**5,037,916**	(83,585,028)	(87,115,967)
NET INCREASE (DECREASE) IN CASH	**(3,695,243)**	7,086,376	19,718,448
CASH AT BEGINNING OF YEAR	**46,758,816**	39,672,440	19,953,992
CASH AT END OF YEAR (Note 4)	**₱43,063,573**	₱46,758,816	₱39,672,440

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

LFM Properties Corporation (the Company) is a subsidiary of Liberty FlourMills, Inc. (LFMI), a corporation duly organized and existing under the laws of the Republic of the Philippines. The Company was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 18, 1995. The Company is engaged in the business of leasing out real estate properties such as office spaces and condominium units. The Company's registered office address is 3rd Floor, Liberty Building, A. Arnaiz Avenue, Makati City.

On November 25, 2020, the Board of Directors (BOD) of LFMI approved the declaration of property dividends consisting of up to 10.35 billion shares of the Company.

On October 13, 2022 and November 3, 2022, the SEC and Philippine Stock Exchange, Inc. (PSE), respectively, approved the application of the Company for the listing by way of introduction of up to 24,802,384,828 common shares on the Main Board of the PSE.

On November 9, 2022, the Company completed its listing process with the PSE under the stock symbol "LPC". As a public company, it is covered by the Revised Securities Regulation Code (SRC) Rule 68. On December 20, 2022, additional 137,438,271 common shares was approved by PSE for listing on the Main Board of the PSE. Total listed shares of the Company amounted to 24,939,823,099 common shares.

The accompanying financial statements were authorized and approved for issue by the Company's BOD on March 29, 2023.

2. Significant Accounting and Financial Reporting Policies

Basis of Preparation
The financial statements of the Company are prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI) which have been measured at fair value. The financial statements are presented in Philippine peso (peso), which is the Company's functional and presentation currency, and rounded to the nearest peso, except when otherwise indicated.

Seasonality of Operations
The Company generates regular income based on contractual arrangements covering a period of one to five years. There are no revenues received seasonally, cyclically or occasionally within the financial year. Hence, the Company's operation is not seasonal.

Statement of Compliance
The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2022. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance.

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

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

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

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

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

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

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

- Annual Improvements to PFRSs 2018-2020 Cycle

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

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

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

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

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

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

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

Current versus noncurrent classification
The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when:

- It is expected to be realized or intended to sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting date; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as noncurrent.

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

Fair Value Measurement
The Company measures financial instruments, such as financial assets at FVTPL and financial assets at FVOCI, at fair value at the end of reporting period.

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

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

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

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

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

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

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

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

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

The Company determines the policies and procedures for both recurring fair value measurement, such as quoted financial assets at FVOCI, and for non-recurring measurement.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

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

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets
Initial Recognition and Measurement. Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVOCI, and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15.

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

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement. For purposes of subsequent measurement, financial assets are classified in four categories:

- *Financial assets at amortized cost (debt instruments).* This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

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

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

  The Company's cash, receivables and refundable deposits under 'other noncurrent assets' are included in this category as at December 31, 2022 and 2021.

- *Financial assets at fair value through other comprehensive income (FVOCI) (debt instruments).* The Company measures debt instruments at FVOCI if both of the following conditions are met:

  - The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss in the statement of comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income (OCI) in the statement of comprehensive income. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

  The Company has no debt instruments at FVOCI as at December 31, 2022 and 2021.

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

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

The Company's quoted investment is classified as equity instrument designated at FVOCI as at December 31, 2022 and 2021.

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

  Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss in the statement of comprehensive income.

  This category includes listed and non-listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as other income in profit or loss in the statement of comprehensive income when the right of payment has been established.

  A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristic and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVTPL. Embedded derivatives are measured at fair value with changes in fair value recognized in statement of comprehensive income. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

  A derivative embedded with a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVTPL.

  The Company has no derivative asset as at December 31, 2022 and 2021.

Impairment of financial assets. The Company recognizes an Expected Credit Loss (ECL) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and refundable deposits, the Company applies a general approach in calculating ECLs. The Company recognizes a loss allowance based on ether 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash since initial recognition.

For receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities
Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities consist only of loans and borrowings. As at December 31, 2022 and 2021, the Company's loans and borrowings consisting of notes payable, accounts payable and other current liabilities, deposits on long-term leases and payable to a related party. The Company has no financial liabilities at FVTPL or derivatives designated as hedging instruments in an effective hedge and no freestanding embedded derivatives as at December 31, 2022 and 2021.

Subsequent Measurement. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the financial liabilities are derecognized as well as through the effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium or acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is recognized in profit or loss.

Classification of Financial Instruments Between Liability and Equity
A financial instrument is classified as a liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity; or
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

Derecognition of Financial Assets and Financial Liabilities
Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a "pass-through" arrangement and has neither transferred nor retained substantially all the risk and rewards of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in profit or loss.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is extinguished, i.e., when discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Exchange or Modification of Financial Liabilities
The Company considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss in the interim statement of comprehensive income.

When the exchange or modification of the existing financial liability is not considered as substantial, the Company recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

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

Cash
Cash includes cash on hand and in banks.

Prepaid Expenses
Prepaid expenses are expenses paid in advance are recorded as asset before they are utilized. This account comprises insurance premiums, and other prepaid items. The insurance premiums and other prepaid items are apportioned over the period covered by the payment and charged to the appropriate accounts in profit or loss when incurred. Prepaid expenses that are expected to be realized within 12 months from the balance sheet date are classified as current assets, otherwise these are classified as other noncurrent assets.

Value-added Tax (VAT)
Revenue, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of VAT recoverable from or payable to the taxation authority is included as part of "Prepaid expenses and other current assets" and "Accounts payable and other current liabilities" accounts, respectively, in the statement of financial position.

Investment Properties
Investment properties consist of properties (land or a building or part of a building or a combination) held to earn rentals or for capital appreciation or both, rather than for:

a. use in the production or supply of goods or services or for administrative purposes; or
b. sale in the ordinary course of business.

Investment properties include development rights carried at cost which is considered as an integral part of the land.

The initial cost of investment property comprises its contract price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost also includes the cost of replacing part of such investment property if the recognition criteria are met.

These assets, except for land and development rights, are stated at cost, including transaction costs, less accumulated depreciation and any accumulated impairment in value. Land is carried at cost (initial purchase price and other cost directly attributable to such property) less any accumulated impairment in value.

Depreciation of building and building equipment and condominium units is computed on a straight-line basis over the estimated lives of the properties ranging from 10 to 25 years and five years, respectively.

Investment properties are derecognized either when they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of comprehensive income in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment properties in progress pertain to projects under construction and are stated at cost which includes cost of construction and other direct costs. Investment properties in progress are not depreciated until such time that the relevant assets are completed and become available for operational use.

Property and Equipment

Property and equipment are stated at cost, excluding the cost of day-to-day servicing, less accumulated depreciation, amortization and any accumulated impairment in value.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes the cost of replacing part of such property and equipment if the recognition criteria are met.

When significant parts of property and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when each major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred.

Depreciation is computed using the straight-line method over the estimated useful life of two to three years for office furniture and equipment and three to five years for transportation equipment. Amortization of leasehold improvements is computed using the straight-line method based on the estimated useful life of the leased asset or the term of the lease, whichever is shorter.

Each component of an item of property and equipment with a cost that is significant in relation to the total cost of the item of property and equipment is depreciated separately.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Fully-depreciated assets are retained in the accounts until these are no longer in use. When assets are retired or otherwise disposed of, both the cost and related accumulated depreciation and amortization and any allowance for impairment losses are removed from the accounts and any resulting gain or loss is credited to or charged against current operations. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized.

Impairment of Nonfinancial Assets

At each reporting date, the Company assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies, or other available fair value indicators.

Impairment losses are recognized in the statement of comprehensive income in the year in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income.

Equity

Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as deduction from proceeds, net of tax.

Retained earnings represent the Company's accumulated earnings reduced by dividends declared.

Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized as part of profit or loss for the year in the statement of comprehensive income as required or permitted by other PFRSs.

Basic/Diluted Earnings per Share

Basic earnings per share are computed by dividing net income for the year by the weighted average number of common shares, excluding treasury stock, outstanding during the period.

Diluted earnings per share is calculated by dividing the income for the year attributable to common stockholders by the weighted average number of shares outstanding during the year, excluding treasury shares and adjusted for the effects of all potentially dilutive common shares, if any. The Company has no dilutive shares.

In determining both the basic and diluted earnings per share, the effect of stock dividends, if any, is accounted for retroactively.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. Revenue is recognized when the Company satisfies a performance obligation by transferring a promised goods or service to the customer, which is when the customer obtains control of the goods or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. The Company's contracts with customers consist of only one performance obligation which is satisfied over time (straight-line basis over the lease terms). The Company has concluded that it is acting as principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Rental income. Rental income arising from operating leases on investment properties is recognized on a straight-line basis over the lease terms. Excess of rental income recognized using the straight-line basis over the rental income based on the terms of lease contract is recognized as an asset in the statement of financial position under the "Accrued rent" account. Rentals collected but not yet earned are recognized as a liability in the statement of financial position under the "Unearned rental income" account. Deposits on long-term leases are initially recognized at fair value and subsequently measured at amortized cost where material. Any difference between the initial fair value and the nominal amount is included as a component of rental income and recognized on a straight-line basis over the lease term.

Interest income. Interest income is recognized as the interest accrues using the effective interest method.

Dividend income. Dividend income is recognized when the Company's right to receive the payment is established.

Direct Costs and Operating Expenses

Direct costs. Direct costs include expenses incurred by the Company for the generation of revenue from rental income. Direct costs are expensed as incurred.

Operating expenses. Operating expenses include the cost of administering the business and are not directly associated with the generation of revenue. Operating expenses are expensed as incurred.

Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Retirement Benefits Cost
The Company has a funded, noncontributory defined benefit plan covering all regular and permanent employees.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Defined benefit costs comprise the following:

a. service cost
b. net interest on the net defined benefit liability or asset
c. remeasurements of net defined benefit liability or asset

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

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Taxes

Current Tax. Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized.

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

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

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

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

Segment Reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services within a particular economic environment subject to risks and rewards that are different from those of other segments. Such business segment is the basis upon which the Company reports its operating segment information. The Company has only one source of revenue arising from its rental contracts and it operates in one geographical area where it derives its revenue. The Company did not present segment information in its financial statements as the Company has only one reportable segment.

Events after the Reporting Period
Post period-end events that provide additional information about the Company's financial position at the financial reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements requires management to make judgments and estimates that affect the application of policies and amounts reported in the financial statements.

In the opinion of management, these financial statements reflect all adjustments necessary to present fairly the results for the periods presented. Actual results could differ from these estimates, and such estimates will be adjusted accordingly when the effects become determinable.

Judgments
Classification of lease - Company as lessor. The Company entered into various commercial property leases on its parcels of land and buildings. The Company has determined that it retains all the significant risks and rewards of ownership of these properties. Accordingly, the lease agreements were accounted for as operating leases (see Note 13).

Estimates
Estimation of useful lives of investment properties. The Company reviews at each reporting date the estimated useful lives of investment properties based on the period over which the assets are expected to be available for use and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of investment properties would increase the recorded depreciation and amortization expense and decrease noncurrent assets.

There is no change in the estimated useful lives of investment properties as at December 31, 2022 and 2021.

The carrying value of investment properties, excluding land, amounted to ₱512,373,298 and ₱554,757,367 as at December 31, 2022 and 2021, respectively (see Note 9).

Fair value of investment properties. The Company is required to disclose for each class of investment properties the fair value of that class of assets in a way that permits it to be compared with the corresponding carrying amount in the statements of financial position, which requires the use of accounting judgment and estimates. While significant components of fair value measurement are determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these investment properties would affect the disclosures made by management. The fair values of the Company's investment properties are set out in Note 21.

Impairment of investment properties. The Company determines whether there are indications of impairment of the Company's investment properties. Indications of impairment include significant change in usage, decline in the asset's fair value or underperformance relative to expected historical or projected future results.

Determining the fair value of these nonfinancial assets requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. It requires the Company to make estimates and assumptions that can materially affect the financial statements.

Future events could cause management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial condition and results of operations. The preparation of the estimated future cash flows involves significant judgment and estimations. While management believes that the assumptions made are appropriate and reasonable, significant changes in management assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.

The Company has considered the impact of COVID-19 pandemic and assessed that the investment properties are not impaired. As of December 31, 2022 and 2021, no other impairment indicators were identified for the Company's investment properties.

The carrying value of investment properties amounted to ₱814,182,586 and ₱856,158,160 as at December 31, 2022 and 2021, respectively (see Note 9).

Estimation of retirement benefits cost. The determination of the Company's retirement benefits costs and obligation is dependent on the selection by management of certain assumptions used by an actuary in calculating such amounts.

The assumptions for retirement benefits cost are described in Note 18 and include the discount rate and the average annual salary increase rate. While management believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in management assumptions may materially affect the Company's retirement benefits cost and obligations.

The discount rate is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. Net retirement plan asset amounted to ₱6,587,047 and ₱13,076,486 as at December 31, 2022 and 2021, respectively (see Note 18).

Recognition of deferred tax assets. The Company reviews the carrying amounts of deferred income tax assets at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized. While future taxable profit can be estimated, the actual outcome may be different. Deferred tax assets recognized amounted to ₱1,343,293 and ₱1,006,947 as at December 31, 2022 and 2021, respectively (see Note 19).

The Company did not recognize deferred tax asset on fair value loss on financial assets at FVTPL amounting to ₱6,090,000 as at December 31, 2022 and 2021 as management believes that that there is no expected sufficient capital gain against which the fair value loss can be offset to realize the benefit of such deferred tax asset (see Note 19).

4. Cash

	2022	2021
Cash on hand	**₱13,500**	₱13,500
Cash in banks	**43,050,073**	46,745,316
	₱43,063,573	₱46,758,816

Cash in banks earn interest at the respective bank deposit rates. Interest income earned on cash in banks amounted to ₱10,874, ₱33,098 and ₱45,389 in 2022, 2021, and 2020, respectively.

5. **Receivables**

	2022	2021
Rent receivable (see Note 13)	**₱25,988,029**	₱6,361,415
Receivable from a broker	**4,303,908**	–
Advances to officers and employees	**96,455**	116,114
	30,388,392	6,477,529
Less allowance for expected credit losses (see Note 16)	**1,049,681**	1,049,681
	₱29,338,711	₱5,427,848

Rent receivable arises from leasing the Company's investment properties. These are interest-bearing with average credit term of 30 days. Interest income earned amounted to ₱18,837 and ₱44,851 and ₱39,050 in 2022, 2021 and 2020, respectively.

Advances to officers and employees are noninterest-bearing and are normally settled through salary deductions within one month from availment date.

Receivable from a broker represents the Company's deposit to its agent of marketable securities, including unremitted proceeds from disposal of investments, which are liquidated through acquisition of additional investments for the Company. Interest income earned amounted to ₱179,698 in 2020 (nil in 2022 and 2021). As at March 29, 2023, the receivable has been fully collected.

Provision for expected credit losses on rent receivable amounted to ₱1,049,681 in 2021 (nil in 2022 and 2020) (see Note 21).

6. **Financial Assets at Fair Value through Profit or Loss**

Financial assets at FVTPL pertain to quoted equity securities held for trading purposes and are composed of the following:

	2022	2021	2020
Balance at beginning of year	**₱180,448,991**	₱81,937,073	₱26,191,437
Acquisitions	**7,496,677**	16,013,514	6,947,589
Fair value gain (loss) recognized in profit or loss	**(58,797,005)**	82,498,404	56,973,047
Disposals	**(7,435,020)**	–	(8,175,000)
	₱121,713,643	₱180,448,991	₱81,937,073

Financial assets at FVTPL includes equity securities with cost and carrying value amounting to ₱40,600,000 as at December 31, 2022 and 2021.

Realized gain on sale of financial assets at FVTPL amounted to ₱502,046 and ₱100,685 in 2022 and 2020, respectively (nil in 2021).

Dividend income earned from financial assets at FVTPL amounted to ₱1,068,560, ₱1,103,406 and ₱601,500 in 2022, 2021 and 2020, respectively.

7. Prepaid Expenses and Other Current Assets

	2022	2021
Deferred input VAT (see Note 9)	**₱19,823,960**	₱22,078,890
Prepaid expenses	**975,676**	975,676
Input VAT - net	**–**	2,621,820
	20,799,636	25,676,386
Less: noncurrent portion of deferred input VAT	**17,536,292**	19,742,115
	₱3,263,344	₱5,934,271

8. Financial Assets at Fair Value through Other Comprehensive Income

The Company's financial assets at FVOCI consist of quoted equity securities amounting to ₱116,911,541 and ₱156,718,845 as at December 31, 2022 and 2021, respectively.

Fair value changes on financial assets at FVOCI as at December 31:

	2022	2021
Beginning balance	**(₱97,456,170)**	(₱64,104,104)
Fair value loss recognized in other comprehensive income	**(39,807,304)**	(33,352,066)
Ending balance	**(₱137,263,474)**	(₱97,456,170)

9. Investment Properties

	December 31, 2022			
	Land	**Building and Building Improvements**	**Condominium Units**	**Total**
Costs:				
Beginning balances	**₱301,400,793**	**₱933,335,345**	**₱11,419,656**	**₱1,246,155,794**
Capitalized interest accretion	**408,495**	**–**	**–**	**408,495**
Ending balances	**301,809,288**	**933,335,345**	**11,419,656**	**1,246,564,289**
Accumulated depreciation and amortization:				
Beginning balances	**–**	**379,366,631**	**10,631,003**	**389,997,634**
Depreciation and amortization (see Note 15)	**–**	**42,307,015**	**77,054**	**42,384,069**
Ending balances	**–**	**421,673,646**	**10,708,057**	**432,381,703**
Net book values	**₱301,809,288**	**₱511,661,699**	**₱711,599**	**₱814,182,586**

	December 31, 2021			
	Land	Building and Building Improvements	Condominium Units	Total
Costs:				
Beginning balances	₱109,437,800	₱933,335,345	₱11,419,656	₱1,054,192,801
Additions	191,962,993	–	–	191,962,993
Ending balances	301,400,793	933,335,345	11,419,656	1,246,155,794
Accumulated depreciation and amortization:				
Beginning balances	–	336,965,122	10,553,949	347,519,071
Depreciation and amortization (see Note 15)	–	42,401,509	77,054	42,478,563
Ending balances	–	379,366,631	10,631,003	389,997,634
Net book values	₱301,400,793	₱553,968,714	₱788,653	₱856,158,160

The Company leases out spaces in its building and condominium units under various operating leases (see Note 13).

Rental income from investment properties recognized in the statements of comprehensive income amounted to ₱230,739,119, ₱223,737,958 and ₱229,942,526 in 2022, 2021 and 2020, respectively, while directly related costs amounted to ₱77,299,074, ₱77,700,259 and ₱106,157,570 in 2022, 2021 and 2020, respectively (see Notes 13 and 15).

The aggregate fair value of investment properties amounting to ₱3,709,280,000 as at December 31, 2022 and 2021 is determined based on valuation performed by a qualified and independent appraiser in 2021, and prevailing market value of recently acquired property in 2021. The key assumptions used for valuation reports include growth rate and discount rate of 5% and 11-13%, respectively. The valuation undertaken considered the highest and best use of the properties and established estimated value by processes involving comparison (Level 3). Management has determined that the fair value of investment properties did not significantly change from the last valuation date. Management assessed that the fair value of these investment properties as at December 31, 2021 approximates its fair value as at December 31, 2022 as no significant changes on the properties have taken place since the latest appraisal, or will take place in the near future, in the market, economic or legal environment in which the Company operates or in the market to which the investment property is dedicated.

The following describes the valuation techniques used and key inputs to valuation of investment properties::

	2022 and 2021	
	Valuation technique	Significant unobservable input
Land, condominium units and buildings and building improvements, and building equipment	Income Approach	Future free cashflow projections discounted using a rate based on the level of risk of the business and opportunity cost of capital
Land	Market Data	Adjusted sales price of Comparable properties

Significant increases (decreases) in estimated future cash flows above would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in discount rate would result in a significantly lower (higher) fair value of the properties.

The investment properties pertain to assets held by the Company for residential, commercial and parking space. The appraisers determined that the highest and best use of condominium unit is for residential use which is its current use. The highest and best use of land used as parking space at measurement date would be for multi-storey residential/office condominium development, while the highest and best use of buildings, including the improvements and equipment, used as commercial space at measurement date, would be to convert the properties for residential use. For strategic reasons, the properties are not being used in this manner.

Land and building and building improvements owned by the Company with an aggregate carrying value of ₱44,094,958 and ₱57,604,225 as at December 31, 2022 and 2021, respectively, served as collateral to secure the loans obtained from banks (see Note 11).

Development Rights
The Company entered into an agreement with Parity Values, Inc. (PVI), a related party, for the transfer of development rights of PVI to the Company for valuable consideration which is to be determined and fixed by the parties through the execution of a supplemental agreement.

In December 2020, the parties executed an agreement for the determination of the consideration amounting to ₱99,700,000. The initial payment amounting to ₱9,970,000 was paid on the date of execution of the agreement while the remaining balance in the amount of ₱89,730,000, subject to 5.25% interest, shall be paid through a single payment or partial payments, as the Company may deem necessary, within a period of 5 years, from the execution of the agreement and no later than December 14, 2025. Accordingly, the Company recognized an asset as part of land under "Investment properties" account amounting to ₱99,700,000 and a liability presented as "Payable to a related party" with outstanding balance amounting to ₱37,730,000 as at December 31, 2022 and 2021 (see Note 20).

Land Acquisition
In December 2021, the Company entered into a Contract to Sell for the purchase of land for a consideration of ₱214,455,000 (exclusive of VAT) payable on monthly installment basis until year 2026. Payments made in 2022 and 2021 amounted to ₱18,381,857 and ₱31,555,521, respectively (exclusive of VAT). As at December 31, 2022 and 2021, the corresponding unpaid purchase price, net of VAT, were recorded at present value using the discount rate of 4.25% amounting to ₱142,434,110 and ₱160,407,472, respectively. Current and noncurrent portion of the liability amounting to ₱19,446,458 and ₱142,729,767, respectively, inclusive of VAT, are presented as part of Accounts payable" under "Accounts payable and other current liabilities" and "Other noncurrent liability" accounts, respectively, in the 2022 statement of financial position (see Note 12). While current and noncurrent portion of the liability amounting to ₱20,179,185 and ₱162,176,225, respectively, inclusive of VAT, are presented as part of Accounts payable" under "Accounts payable and other current liabilities" and "Other noncurrent liability" accounts, respectively, in the 2021 statement of financial position (see Note 12). Total discount of liability amounted to ₱22,083,512 and ₱22,492,007 as at December 31, 2022 and 2021, respectively. Accretion of interest expense capitalized as part of investment property amounted to ₱408,495 for the year ended December 31, 2022.

The related deferred input VAT amounting to ₱17,536,292 and ₱19,742,115, net of current portion of ₱2,205,823, as at December 31, 2022 and 2021, respectively, is recognized as part of "Other noncurrent assets" account in the statement of financial position (see Note 7). This deferred input VAT will be claimed against output VAT upon payment of the related liability.

Schedule of payments of the remaining payable based on undiscounted amounts (exclusive of VAT) as at December:

Year	**2022**	2021
2022	**₱–**	₱18,381,857
2023	**18,381,857**	18,381,857
2024	**26,219,677**	26,219,677
2025	**65,408,775**	65,408,775
2026	**54,507,313**	54,507,313
	₱164,517,622	₱182,899,479

10. **Property and Equipment**

	December 31, 2022			
	Office Furniture and Equipment	**Transportation Equipment**	**Leasehold Improvements**	**Total**
Costs:				
Beginning balances	**₱5,237,171**	**₱200,000**	**₱839,842**	**₱6,277,013**
Additions	**1,227,679**	**–**	**–**	**1,227,679**
Ending balances	**6,464,850**	**200,000**	**839,842**	**7,504,692**
Accumulated depreciation and amortization:				
Beginning balances	**3,125,110**	**200,000**	**839,842**	**4,164,952**
Depreciation and amortization (see Note 16)	**1,279,002**	**–**	**–**	**1,279,002**
Ending balances	**4,404,112**	**200,000**	**839,842**	**5,443,954**
Net book values	**₱2,060,738**	**₱–**	**₱–**	**₱2,060,738**

	December 31, 2021			
	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Costs:				
Beginning balances	₱3,084,995	₱200,000	₱839,842	₱4,124,837
Additions	2,152,176	–	–	2,152,176
Ending balances	5,237,171	200,000	839,842	6,277,013
Accumulated depreciation and amortization:				
Beginning balances	2,634,262	200,000	839,842	3,674,104
Depreciation and amortization (see Note 16)	490,848	–	–	490,848
Ending balances	3,125,110	200,000	839,842	4,164,952
Net book values	₱2,112,061	₱–	₱–	₱2,112,061

Cost of fully amortized computer software included under "Other noncurrent assets" still in use amounted to ₱4,739,541 as at December 31, 2022 and 2021. Amortization of computer software amounted to nil, ₱99,099 and ₱251,527 in 2022, 2021 and 2020, respectively (see Note 16).

11. **Notes Payable**

Notes payable consists of:

	2022	2021
Principal	**₱630,529,412**	₱580,000,000
Add: unamortized premium, net of debt issue cost	**271,370**	456,514
	630,800,782	580,456,514
Less current portion	**323,609,473**	136,655,732
Noncurrent portion	**₱307,191,309**	₱443,800,782

On various dates during 2022, the Company availed short-term loans (with interest ranging from 4.7% to 5.95%) totaling ₱187,000,000.

On February 18, 2021, the Company converted its ₱580,000,000 short-term promissory note to term loans with maturity of 5 years, payable in equal quarterly installments starting on February 19, 2022. As at December 31, 2022, total payments of notes payable amounted to ₱136,470,588.

Long-term loans are secured by a real estate mortgage on certain land and building and building improvements owned by the Company (see Note 9).

The details of the term loans follow:

Term Loan	Availment Date	Maturity Date	Interest rate	Condition	Amount
1	February 19, 2021	February 19, 2026	4.25% per annum fixed for 89 days, variable onwards; quarterly	Secured	₱290,000,000
2	February 19, 2021	February 19, 2026	4.875% per annum, fixed up to maturity; quarterly	Secured	290,000,000

Term Loan promissory note (PN) 1 is subject to a variable interest rate based on a three (3)-month BVAL plus a margin of one hundred twenty points (1.20%) divided by the Applicable Premium Factor (0.95) and 4.25% per annum, whichever is higher.

Term Loan PN 2 is subject to a fixed interest rate based on a five (5)-year BVAL plus a margin of one hundred twenty points (1.20%) divided by the Applicable Premium Factor (0.95) and 4.875% per annum, whichever is higher.

The Company paid and capitalized documentary stamp tax amounting to ₱4,350,000 as debt issue cost to be amortized over the term of the notes payable.

Based on the Company's assessment, the modifications in the contractual cash flows of the loan are not substantial and therefore did not result in the derecognition of the affected financial liabilities. Accordingly, the Company recognized a loss on loan modification amounting to ₱4,981,822 under "Other income (expense)" account in the 2021 statement of comprehensive income.

Debt Covenants
The 2021 term loan agreement contains, among others, covenants that require the Company to comply with specified financial ratios which are current ratio (minimum of 1.0), debt to equity ratio (maximum of 2.33) and debt service coverage ratio (minimum of 1.25). As at December 31, 2022, the Company has complied with debt to equity ratio. On December 21, 2022, the Company was able to secure a waiver from the bank for current ratio and debt service coverage ratio. As at December 31, 2021, the Company has complied with these covenants.

The future expected principal settlements of the Company's notes payable for the year ended December 31:

	2022	2021
Within one year	**₱323,470,588**	₱136,470,588
Beyond one year but less than five years	**307,058,824**	443,529,412
	₱630,529,412	₱580,000,000

Total interest expense on notes payable charged to statements of comprehensive income amounted to ₱26,552,647 and ₱29,214,581 (including loan premium amortization, net of debt issue cost amortization, amounting to ₱185,144 and ₱175,308, respectively) and ₱33,247,765 in 2022, 2021 and 2020, respectively.

12. Accounts Payable and Other Current Liabilities

	2022	2021
Accounts payable	**₱21,934,882**	₱24,004,676
Construction bond	**6,001,007**	6,432,077
Accrued expenses:		
Interest payable	**2,673,152**	3,045,000
Professional fees	**950,000**	450,000
Others	**1,629,236**	780,581
Deferred Output VAT	**1,042,371**	–
Withholding taxes payable	**553,570**	393,952
Output VAT - net	**543,803**	–
Due to a related party (see Note 20)	**61,246**	53,295
	₱35,389,267	₱35,159,581

Accounts payable, accrued expenses and other current liabilities are noninterest-bearing and are normally settled within the next financial year. Accounts payable includes the current portion of the unpaid purchase price of the land acquired in 2021 (see Note 9).

Construction bond represents deposit required from the tenants prior to the commencement of renovation works for respective leased property. These are refundable once the renovation has been completed normally within one year.

13. Leases

The Company entered into various non-cancellable lease contracts on its investment properties with various lessees.

The lease contracts provide for the payment by the lessee of a security deposit. These are shown under "Deposits on long-term leases" account in the statements of financial position and are recorded at their present values which amounted to ₱42,768,373 and ₱31,329,767 as at December 31, 2022 and 2021, respectively. Accretion of interest, included in "Interest expense" in the statements of comprehensive income, amounted to ₱1,338,309, ₱1,469,963 and ₱1,500,960 in 2022, 2021 and 2020, respectively.

Unearned rental income, which includes advance rental and excess of the principal amount of the long-term deposits over its present value and are amortized on a straight-line basis over the lease term, amounted to ₱5,508,597 and ₱13,009,588 as at December 31, 2022 and 2021, respectively.

Accrued rent, which represents the excess of rental income recognized using the straight-line method over the rental income based on the terms of the lease agreements, amounted to ₱9,643,785, and ₱78,607,255 as at December 31, 2022 and 2021, respectively.

As a result of the pretermination of lease contract with a lessee during the year, accrued rent receivable, security deposits and unearned rental income amounting to ₱84,687,354, ₱8,282,125 and (₱7,566,758), respectively, were derecognized resulting to pretermination loss - net of ₱85,402,721 shown separately in the 2022 statement of comprehensive income (see Notes 5 and 24).

As a result of the COVID-19 pandemic, the Company provided rent concessions to its tenants in the form of deferment of payments, two-month rent-free periods and discounts in 2022, 2021 and 2020. Certain lease agreements were also pre-terminated. The Company accounted for the deferment of payment, rent-free periods and discounts provided as 'not a lease modification' since there were no substantive changes to the terms and conditions of the lease; while the shortening of lease period were treated as lease modifications. The rent concessions resulted to a reduction in rental income amounting to ₱2,655,475 ₱5,476,437 and ₱4,091,752 in 2022, 2021 and 2020, respectively. Lease termination resulted in a decrease in accrued rent amounting to ₱84,687,354, ₱2,930,778 and ₱290,453 in 2022, 2021 and 2020, respectively, and rental income amounting to ₱2,220,836, ₱2,383,241 and ₱965,400 in 2022, 2021 and 2020, respectively.

The future minimum lease receivables under non-cancellable leases on its investment properties are as follows:

	2022	2021	2020
Year 1	**₱95,340,812**	₱158,319,743	₱171,195,576
Year 2	**40,898,019**	144,388,794	130,038,723
Year 3	**30,790,233**	141,520,108	127,377,436
Year 4	**26,684,756**	143,705,533	129,167,094
Year 5	**9,844,652**	147,580,396	132,718,353
More than 5 years	**823,656**	379,604,597	521,443,148
	₱204,382,128	₱1,115,119,171	₱1,211,940,330

14. **Equity**

Capital Stock
As at December 31, 2022 and 2021, the Company's capital stock consists of:

	Number of Shares	Amount
Authorized		
Common stock - ₱0.01 par value	30,000,000,000	₱300,000,000
Preferred stock - ₱100 par value	1,000,000	100,000,000
	30,001,000,000	₱400,000,000
Issued and outstanding -		
Common stock - ₱0.01 par value	25,000,000,000	₱250,000,000

The preferred stock are non-voting and non-convertible to common stock. Other features of the preferred stock shall be at the discretion of the Company's BOD at the time of such issuance.

Basic/Diluted Earnings (Loss) Per Share
As at December 31, 2022, 2021 and 2020, the computation of basic/diluted earnings per share follows:

	2022	2021	2020
Net income (loss)	**(₱45,981,667)**	₱149,929,046	₱97,443,615
Divided by weighted average number of shares	**25,000,000,000**	25,000,000,000	25,000,000,000
Basic/diluted earnings (loss) per share	**(₱0.0018)**	₱0.0060	₱0.0039

15. **Direct Costs**

	2022	2021	2020
Depreciation and amortization (see Note 9)	**₱42,384,069**	₱42,478,563	₱42,475,288
Real estate tax	**21,089,511**	20,892,774	52,402,345
Outside services	**7,738,300**	7,224,300	6,867,740
Repairs and maintenance	**3,178,679**	4,213,205	2,126,726
Communication, light and water	**1,548,484**	1,520,526	948,366
Insurance and others	**1,360,031**	1,370,891	1,337,105
	₱77,299,074	₱77,700,259	₱106,157,570

16. **Operating Expenses**

	2022	2021	2020
Personnel costs (see Note 17)	**₱13,003,010**	₱13,480,192	₱14,134,745
Taxes and licenses	**3,839,249**	3,914,531	5,494,697
Professional fees	**2,996,121**	3,820,757	4,390,000
Depreciation and amortization (see Note 10)	**1,279,002**	589,947	489,818
Association dues	**1,574,606**	884,152	810,763
Rent (see Note 20)	**516,619**	503,494	481,802
Repairs and maintenance	**364,444**	536,043	332,093
Commission	**240,420**	250,500	114,000
Communication, light and water	**174,688**	175,242	160,968
Entertainment, amusement and recreation	**162,339**	127,175	323,827
Provision for expected credit losses (see Note 5)	**–**	1,049,681	–
Miscellaneous	**1,267,521**	583,054	380,213
	₱25,418,019	₱25,914,768	₱27,112,926

17. **Personnel Costs**

	2022	2021	2020
Salaries and wages	**₱12,055,825**	₱11,999,506	₱12,434,239
Retirement benefits cost (income) (see Note 18)	**(48,438)**	663,219	999,467
Others	**995,623**	817,467	701,039
	₱13,003,010	₱13,480,192	₱14,134,745

18. **Retirement Benefits Cost**

The Company established a defined benefit noncontributory retirement plan (the Retirement Plan) in 2011 covering all its regular employees.

LPC is required to pay its regular employees retirement benefits equivalent to 22.5 days for every year of credited service upon reaching the compulsory retirement age of 65. Optional retirement is allowed for an employee who reaches the age of 50 and who has completed 15 years of credited service to LPC.

The following tables summarize the components of the net benefit expense recognized in the statement of comprehensive income and the funded status and amounts recognized in the statement of financial position for the plan. Changes in net retirement asset as at December 31, 2022 and 2021 are as follows:

		Net Retirement Cost (Income) in Profit or Loss in the Statement of Comprehensive Income			Remeasurements in Other Comprehensive Income							
	Balance at Beginning of Period	**Current Service Cost**	**Net Interest**	**Subtotal**	**Actuarial Loss (Gain) Excluding Amount included in Net Interest**	**Actuarial Changes Arising from Changes in Financial Assumptions**	**Actuarial Changes Arising from Experience**	**Actuarial Changes Arising Changes in demographic assumptions**	**Effect of Asset Ceiling**	**Subtotal**	**Benefits paid**	**Balance at End of Period**
December 31, 2022												
Present value of defined benefit obligation	**₱9,003,951**	**₱568,749**	**₱451,998**	**₱1,020,747**	**₱–**	**(₱1,380,580)**	**₱859,981**	**₱–**	**₱–**	**(₱520,599)**	**(₱1,563,861)**	**₱7,940,238**
Fair value of plan assets	**(34,679,888)**	**–**	**(1,701,677)**	**(1,701,677)**	**12,273,799**	**–**	**–**	**–**	**–**	**12,273,799**	**1,563,861**	**(22,543,905)**
Asset ceiling	**12,599,451**	**–**	**632,492**	**632,492**	**–**	**–**	**–**	**–**	**(5,215,323)**	**(5,215,323)**	**–**	**8,016,620**
Net defined benefit asset	**(₱13,076,486)**	**₱568,749**	**(₱617,187)**	**(₱48,438)**	**₱12,273,799**	**(₱1,380,580)**	**₱859,981**	**₱–**	**(₱5,215,323)**	**₱6,537,877**	**₱–**	**(₱6,587,047)**
December 31, 2021												
Present value of defined benefit obligation	₱12,832,815	₱780,820	₱486,364	₱1,267,184	₱–	(₱773,538)	(₱13,174)	(₱2,168)	₱–	(₱788,880)	(₱4,307,168)	₱9,003,951
Fair value of plan assets	(18,934,089)	–	(635,981)	(635,981)	(19,416,986)	–	–	–	–	(19,416,986)	4,307,168	(34,679,888)
Asset ceiling	844,761	–	32,016	32,016	–	–	–	–	11,722,674	11,722,674	–	12,599,451
Net defined benefit asset	(₱5,256,513)	₱780,820	(₱117,601)	₱663,219	(₱19,416,986)	(₱773,538)	(₱13,174)	(₱2,168)	₱11,722,674	(₱8,483,192)	₱–	(₱13,076,486)

The Retirement Plan Trustee, as appointed by the Company, is responsible for the general admission of the Retirement Plan and the management of the retirement fund. The Retirement Plan Trustee may seek the advice of counsel and appoint an investment manager or managers to the retirement fund, an independent accountant to audit the fund and an actuary to value the fund.

Major categories of plan assets as at December 31 follow:

	2022	2021
Cash in banks	**₱326,336**	₱474,611
Investments in equity securities	**22,217,569**	34,205,277
	₱22,543,905	₱34,679,888

The carrying amount of the plan assets represents their fair values as at December 31, 2022 and 2021.

Investments in equity securities can be transacted through the Philippine Stock Exchange. The Company has no material transactions with the retirement plan nor does the plan have investments in the Company's shares.

Movements in accumulated remeasurement gains on retirement benefits, net of deferred taxes are as follows:

	2022	2021
Beginning balance	**₱13,571,525**	₱6,728,522
Remeasurement in other comprehensive income:		
Actuarial gain on defined benefit obligation	**520,599**	788,880
Remeasurement loss (gain) on plan assets	**(12,273,799)**	19,416,986
Effect of asset ceiling	**5,215,323**	(11,722,674)
	(6,537,877)	8,483,192
Income tax effect	**1,634,469**	(1,640,189)
	(4,903,408)	6,843,003
Ending balance	**₱8,668,117**	₱13,571,525

The latest actuarial valuation of the plan is as at December 31, 2022. The principal actuarial assumptions used to determine retirement benefits cost at the beginning of the year were as follows:

	2022	2021
Discount rate	**7.20%**	5.02%
Salary increase rate	**5.00%**	5.00%

Movements in the principal actuarial assumptions may result to an increase or decrease in the year-end defined benefit obligation (DBO). As such, the following sensitivity analysis shows the effects of 100 basis points (bps) movement in the discount and salary increase rates as at December 31:

		2022	
		Increase (decrease) in DBO in % in ₱	
Discount rate	**+100 bps**	**(6.4%)**	**(₱505,886)**
	-100 bps	**7.3%**	**580,191**
Salary increase rate	**+100 bps**	**7.4%**	**587,239**
	-100 bps	**(6.6%)**	**(520,406)**

		2021	
		Increase (decrease) in DBO in % in ₱	
Discount rate	+100 bps	(5.9%)	(₱533,519)
	-100 bps	6.9%	617,686
Salary increase rate	+100 bps	6.8%	611,538
	-100 bps	(6.0%)	(538,386)

The Retirement Plan Trustee has no specific matching strategy between plan assets and plan liabilities.

The average duration of the defined benefit obligation at the end of the period is 6.8 and 6.4 years as at December 31, 2022 and 2021, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31:

	2022	2021
Year 1	**₱1,523,615**	₱3,212,906
Year 2	**101,116**	79,624
Year 3	**3,074,216**	95,092
Year 4	**758,306**	3,018,421
Year 5	**58,869**	754,124
Year 6 - 10	**2,220,463**	2,098,545

The Company is not required to pre-fund the future defined benefits payable under the Retirement Plan before they become due. For this reason, the amount and timing of contributions to the Retirement Fund to support the defined benefits are at the Company's discretion. However, in the event a defined benefit claim arises and the Retirement Fund is insufficient to pay the claim, the shortfall will then be due and payable from the Company to the Retirement Fund.

The Company has no expected contribution in the next financial period.

19. **Income Taxes**

The provision for current income tax represents regular corporate income tax.

The reconciliation of income tax computed at the statutory income tax rate with the provision for income tax follows:

	2022	2021	2020
Provision for (benefit from) income tax at statutory tax rate	**(₱10,472,551)**	₱42,134,217	₱36,089,182
Additions to (reductions in) income tax resulting from:			
Gain on sale and fair value changes of financial assets at FVTPL	**14,573,739**	(20,580,774)	(17,122,120)
Nondeductible expenses	**707,488**	1,615,015	4,655,905

(Forward)

	2022	2021	2020
Rental income from deposits on long-term lease	**(₱401,070)**	(₱443,327)	(₱575,242)
Dividend income exempt from tax	**(267,140)**	(275,851)	(180,450)
Interest expense on notes payable - premium amortization	**(46,286)**	(43,827)	–
Interest income subjected to final tax	**(2,718)**	(8,275)	(13,617)
Impact of CREATE Act	–	(3,789,356)	–
	₱4,091,462	₱18,607,822	₱22,853,658

The Company's net deferred tax liabilities as at December 31 follow:

	2022	2021
Deferred tax liabilities:		
Accrued rent	**(₱2,410,945)**	(₱19,651,813)
Net retirement plan asset	**(1,646,763)**	(3,269,122)
	(4,057,708)	(22,920,935)
Deferred tax assets:		
Advance rental	**1,036,759**	744,527
Provisions for expected credit losses and others	**306,534**	262,420
	1,343,293	1,006,947
Net deferred tax liabilities	**(₱2,714,415)**	(₱21,913,988)

As at December 31, 2022 and 2021, the Company did not recognize deferred tax asset on fair value loss on financial assets at FVTPL amounting to ₱40,600,000 as management believes that that there is no expected sufficient capital gain against which the fair value loss can be offset to realize the benefit of such deferred tax asset.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
President Rodrigo Duterte signed into law on March 26, 2021 the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact to the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding Php5 million and with total assets not exceeding Php100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

- Imposition of improperly accumulated earnings tax (IAET) is repealed.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Bill was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. Accordingly, current and deferred taxes as at and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Company was subjected to lower RCIT rate of 25% or MCIT rate of 1% effective July 1, 2020.

As at December 31, 2021, the CREATE Act's retrospective 5% income tax rate reduction resulted in a prorated current income tax (CIT) rate of the Company for CY2020 of 27.50%. This resulted in lower provision for current income tax for the year ended December 31, 2020 amounting to ₱13,265,708 or a reduction of ₱1,207,080 in CIT and income tax payable, and a reduction of ₱3,062,885 in provision for deferred income tax due to remeasurement of net deferred tax liabilities. The impact of CREATE Act on the CIT and deferred income tax for the year ended December 31, 2020 have been adjusted in the 2021 financial statements.

20. Related Party Transactions

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

The Company's transactions with its related parties in 2022, 2021 and 2020; and their account balances as at December 31, 2022 and 2021 follow:

	Amount/Volume			Outstanding Balance Receivable (Payable)		Terms and Conditions
	2022	2021	2020	**2022**	2021	
Parent						
Liberty Flour Mills, Inc.						
Rent expense	**₱516,619**	₱503,494	₱481,802	**(₱61,246)**	(₱53,295)	On demand; Unsecured
Deposit	**130,000,000**	–	–	**130,000,000**	–	On demand; Unsecured
Affiliate*						
Parity Values, Inc.						
Development rights (see Note 9)	–	52,000,000	99,700,000	**(37,730,000)**	(37,730,000)	Within 5 years; 5.25% interest per annum
Deposit				**₱130,000,000**	₱–	
Due to a related party (Note 12)				**(₱61,246)**	(₱53,295)	
Payable to a related party (Note 9)**				**(₱37,730,000)**	(₱37,730,000)	

**Parent Company's stockholder*

Rental expense

Rental expense for office space covers a period of one year and is renewable upon mutual agreement unless terminated by the parties concerned.

Deposit
On November 28, 2022, Memorandum of Understanding and Deed of Conditional Sale have been executed with its Parent Company, for the potential sale of land building to the Company. The consummation and determination of final terms and conditions of the sale shall be conditioned on the issuance of the fairness opinion from an independent third party financial adviser. Accordingly, the initial amount tendered by the Company is recognized as deposit subject to terms indicated in the aforementioned agreements. As at March 29, 2023, issuance of the fairness opinion is still pending.

Key Management Personnel
The key management personnel compensation in 2022, 2021 and 2020 is as follows:

	2022	2021	2020
Short-term employee benefits	**₱2,282,925**	₱2,970,725	₱4,070,008
Post-employment benefits and others	**1,175,871**	207,966	553,151
	₱3,458,796	₱3,178,691	₱4,623,159

Retirement Fund
The Company has no transaction with the retirement fund as at December 31, 2022 and 2021.

21. Financial Risk Management Objectives and Policies

The Company's financial instruments consist mainly of cash in banks, investments in equity securities and trade receivables/payables, refundable deposits, and borrowings. The main risks arising from the use of these financial instruments are credit risk, equity price risk and liquidity risk.

Credit Risk
Credit risk represents the loss that the Company would incur if the counterparty failed to perform under its contractual obligations. The Company has established controls and procedures in its credit policy to determine and monitor the credit worthiness of lessees and counterparties. The Company requires its lessees to pay at least three months security deposit to cover unpaid obligations and liabilities at the termination of the lease. It is also the Company's policy to require its lessees to pay their accounts on or before due date without the need of demand.

The maximum credit exposure of the Company is the carrying amount of the receivables as disclosed in Note 5. There are no significant concentrations of credit risk within the Company. With respect to credit risk arising from the other financial assets of the Company, which comprise cash in banks and refundable deposits, the Company's exposure to credit risk arises from default of the counterparties, with a maximum exposure equal to the carrying amount of these instruments. There are no collaterals or other credit enhancements held over these assets.

The table below shows the maximum exposure to credit risk for the Company's financial assets at amortized cost, without taking account of any collateral and other credit enhancements:

	2022	2021
Cash in banks*	**₱43,050,073**	₱46,745,316
Receivables**	**30,291,937**	6,361,415
Refundable deposits***	**2,701,019**	2,711,493
Total credit risk exposure	**₱76,043,029**	₱55,818,224

**excluding cash on hand amounting to ₱13,500 in 2022 and 2021.*
***excluding advances to officers and employees amounting to ₱96,455 and ₱116,114 in 2022 and 2021, respectively.*
****presented under Other noncurrent assets in the statements of financial position.*

The following tables summarize the credit quality of the Company's financial assets at amortized cost per category as at December 31:

	2022			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Credit Impaired**	**Total**
Low	**₱50,055,000**	**₱24,546,748**	**₱–**	**₱74,601,748**
Moderate	–	**1,441,281**	–	**1,441,281**
High	–	–	–	–
Gross carrying amount	**50,055,000**	**25,988,029**	–	**76,043,029**
ECL	–	**1,049,681**	–	**1,049,681**
Carrying amount	**₱50,055,000**	**₱24,938,348**	**₱–**	**₱74,993,348**

	2021			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
Low	₱49,456,809	₱4,890,134	₱–	₱54,346,943
Moderate	–	1,471,281	–	1,471,281
High	–	–	–	–
Gross carrying amount	49,456,809	6,361,415	–	55,818,224
ECL	–	1,049,681	–	1,049,681
Carrying Amount	₱49,456,809	₱5,311,734	₱–	₱54,768,543

The credit quality of the financial assets was determined as follows:

Low Risk - This includes cash and cash equivalents to counterparties with good credit or bank standing and refundable deposits, thus credit risk is minimal. This normally includes large prime financial institutions, companies and government agencies. For receivables, this consists of accounts with counterparties with no history of default on the agreed contract terms.

Moderate Risk - This includes receivables with counterparties with little history of default on the agreed contract terms.

High Risk - This includes receivables that consist of accounts with counterparties with history of default on the agreed contract terms.

Set out below is the information about the credit risk exposure on the Company's rent receivables using a provision matrix as at December 31:

	2022				
	Current	**1-30 days**	**31-90 days**	**More than 90 days**	**Total**
Rent receivables -					
Expected credit loss rate	–	–	–	**64.20%**	
Estimated total gross carrying amount at default	**₱9,981,376**	**₱3,286,060**	**₱11,085,674**	**₱1,634,919**	**₱25,988,029**
Expected credit loss	–	–	–	**1,049,681**	**1,049,681**

	2021				
	Current	1-30 days	31-90 days	More than 90 days	Total
Rent receivables -					
Expected credit loss rate	–	–	–	71.34%	
Estimated total gross carrying amount at default	₱3,685,638	₱431,393	₱773,103	₱1,471,281	₱6,361,415
Expected credit loss	–	–	–	1,049,681	1,049,681

In 2021, provision for expected credit losses are recognized for rent receivables subjected to impairment (nil in 2022 and 2020).

As at December 31, 2022 and 2021, the COVID-19 outbreak has no significant impact to the Company's credit risk.

Equity Price Risk
Equity price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to equity price risk because of investments in quoted equity securities, which are classified in the statement of financial position as financial assets at FVTPL and financial assets at FVOCI.

The Company's policy is to maintain the risk to an acceptable level. Movement of share price is monitored regularly to determine impact on its financial position. The change in market prices used in the sensitivity analysis is determined based on the highest and lowest stock prices of a financial instrument during the period. The Company has determined that for financial assets at FVOCI, a decrease or increase on the stock prices would only impact equity and would not have an effect on profit or loss. The Company has determined that for financial assets at FVTPL, a decrease and increase on the stock prices could have an impact on the profit or loss.

The effect on profit or loss and equity as a result of an increase (decrease) in fair value of equity securities at FVTPL and fair value of quoted financial assets at FVOCI as at December 31 are as follows:

	2022	
	Increase (Decrease) in Market Price	**Increase (Decrease) in Profit or Loss/Equity**
Financial assets at FVTPL	**46%**	**₱37,680,565**
	(46%)	**(37,680,565)**
Financial assets at FVOCI	**56%**	**65,470,463**
	(56%)	**(65,470,463)**

	2021	
	Increase (Decrease) in Market Price	Increase (Decrease) in Profit or Loss/Equity
Financial assets at FVTPL	33%	₱59,540,643
	(33%)	(59,540,643)
Financial assets at FVOCI	18%	28,209,392
	(18%)	(28,209,392)

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to pay its obligations when they fall due under normal and stress circumstances. The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.

The tables below summarize the maturity profile of the Company's financial assets and liabilities based on contractual undiscounted payments as at December 31:

	2022			
	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
Financial Assets at amortized cost:				
Cash	₱43,063,573	₱–	₱–	₱43,063,573
Receivables	28,657,018	1,634,919	–	30,291,937
Other noncurrent assets	–	–	2,701,019	2,701,019
Financial assets at FVTPL	121,713,643	–	–	121,713,643
Financial assets at FVOCI	–	–	116,911,541	116,911,541
	193,434,234	1,634,919	119,612,560	314,681,713
Financial Liabilities				
Notes payable, including interest	–	326,143,740	307,058,824	633,202,564
Accounts payable and other current liabilities				
Accounts payable	7,635,344	15,440,760	–	23,076,104
Accrued expense, excluding accrued interest	2,579,236	–	–	2,579,236
Construction bond	6,001,007	–	–	6,001,007
Due to related parties	61,246	–	–	61,246
Payable to a related party	–	–	37,730,000	37,730,000
Due to related parties	61,246	–	–	61,246
Deposits on long-term leases	–	34,937,485	9,314,667	44,252,152
Other noncurrent liabilities	–	–	163,672,057	163,672,057
	16,276,833	376,521,985	517,775,548	910,574,366
Net Financial Assets (Liabilities)	₱177,157,401	(₱374,887,066)	(₱398,162,988)	(₱595,892,653)

	2021			
	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
Financial Assets at amortized cost:				
Cash	₱46,758,816	₱–	₱–	₱46,758,816
Receivables	4,890,134	1,471,281	–	6,361,415
Other noncurrent assets	–	–	2,711,493	2,711,493
Financial assets at FVTPL	180,448,991	–	–	180,448,991
Financial assets at FVOCI	–	–	156,718,845	156,718,845
Other noncurrent assets	–	–	2,711,493	2,711,493
	232,097,941	1,471,281	159,430,338	392,999,560
Financial Liabilities:				
Notes payable, including interest	–	139,515,588	443,529,412	583,045,000
Accounts payable and other current liabilities				
Accounts payable	8,972,411	15,440,760	–	24,413,171
Accrued expense, excluding accrued interest	1,230,581	–	–	1,230,581
Construction bond	6,432,077	–	–	6,432,077
Due to a related party	53,295	–	–	53,295
Payable to a related party	–	–	37,730,000	37,730,000
Deposits on long-term leases	–	12,920,071	29,012,790	41,932,861
Other noncurrent liabilities	–	–	184,259,737	184,259,737
	16,688,364	167,876,419	694,531,939	879,096,722
Net Financial Assets (Liabilities)	₱215,409,577	(₱166,405,138)	(₱535,101,601)	(₱486,097,162)

As at December 31, 2022, 2021 and 2020, the COVID-19 outbreak has no significant impact to the Company's liquidity risk.

Fair Value
The following are the Company's financial instruments whose carrying amounts are measured at fair value as at December 31:

	Carrying Value		Fair Value	
	2022	2021	**2022**	2021
Financial Assets				
Financial assets at FVTPL	**₱121,713,643**	₱180,448,991	**₱121,713,643**	₱180,448,991
Financial assets at FVOCI	**116,911,541**	156,718,845	**116,911,541**	156,718,845

The carrying values of cash in banks, receivables, accounts payable and other current liabilities approximate their fair values due to their short-term nature.

The fair value of deposits on long-term leases is estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities. As at December 31, 2022 and 2021, the carrying values deposits on long-term leases were not materially different from their calculated fair values.

Fair Value Hierarchy
Below table presents the fair value measurement hierarchy of the Company's financial assets whose fair values are measured and disclosed as at December 31:

	2022			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value:				
Financial assets at FVTPL	**₱121,713,643**	**₱ 121,713,643**	**₱–**	**₱–**
Financial assets at FVOCI	**116,911,541**	**116,911,541**	**–**	**–**
Nonfinancial assets for which fair values are disclosed				
Investment properties	**3,709,280,000**	**–**	**–**	**3,709,280,000**

	2021			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value:				
Financial assets at FVTPL	₱180,448,991	₱180,448,991	₱–	₱–
Financial assets at FVOCI	156,718,845	156,718,845	–	–
Nonfinancial assets for which fair values are disclosed				
Investment properties	3,741,675,179	–	–	3,741,675,179

Financial assets at FVTPL and financial assets at FVOCI are carried at their fair values based on quoted market prices as at December 31, 2022 and 2021.

The disclosures on the fair value measurement hierarchy for investment properties carried at cost are presented in Note 9.

In 2022 and 2021, there were no reclassifications of financial instruments from and into Levels 1, 2 and 3.

22. Capital Management Policies

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2022 and 2021.

The Company monitors capital by having a daily monitoring of receipts and collections, regular release of disbursements to suppliers, monthly cash flow report preparation and monthly review of capital expenditure requirements. The Company at this point, with its healthy cash flow, is not looking for additional bank loans to finance its operations and renovations. The Company strives to earn a minimum return double the annual inflation rate. The Company is not subject to any externally imposed capital requirements.

The following are considered by the Company as capital as at December 31:

	2022	2021
Capital stock	**₱250,000,000**	₱250,000,000
Retained earnings	**272,780,635**	318,762,302
	₱522,780,635	₱568,762,302

23. Note to Statements of Cash Flows

a. The Company has no noncash investing activity except for the capitalized accretion of interest in 2022 amounting to ₱408,495 related to the purchase of land in 2021. There is also no noncash financing activity except for purchase of land amounting to ₱160,407,472 and development rights amounting to ₱89,730,000 in 2021 and 2020, respectively (see Note 9).

b. The changes in liabilities arising from financing activities follows:

2022	**January 1**	**Cash flows**	**Loan Premium**	**Interest expense**	**December 31**
Notes payable	**₱580,456,514**	**₱50,529,412**	**₱–**	**(₱185,144)**	**₱630,800,782**
Payable to a related party	**37,730,000**	**–**	**–**	**–**	**37,730,000**
Other noncurrent liabilty	**164,517,622**	**(18,381,857)**			**146,135,765**
Interest payable	**3,045,000**	**(27,109,639)**	**–**	**26,737,791**	**2,673,152**
Total liabilities	**₱785,749,136**	**₱5,037,916**	**₱–**	**₱26,552,647**	**₱817,339,699**

2021	January 1	Cash flows	Loan Premium	Interest expense	December 31
Notes payable	₱580,000,000	(₱4,350,000)	₱4,981,822	(₱175,308)	₱580,456,514
Payable to a related party	89,730,000	(52,000,000)	–	–	37,730,000
Interest payable	890,139	(27,235,028)	–	29,389,889	3,045,000
Total liabilities	₱670,620,139	(₱83,585,028)	₱4,981,822	₱29,214,581	₱621,231,514

2020	January 1	Cash flows	Loan Premium	Interest expense	December 31
Notes payable	₱632,900,000	(₱52,900,000)	₱–	₱–	₱580,000,000
Interest payable	1,858,341	(34,215,967)	–	33,247,765	890,139
Total liabilities	₱634,758,341	(₱87,115,967)	₱–	₱33,247,765	₱580,890,139

24. **Events After the Reporting Period**

On March 27, 2023, BOD has approved the purchase of Liberty Building from its Parent Company at a price equivalent to 28%, more or less, of the asset value of the Parent Company. The consummation and determination of final terms and conditions of the sale shall be conditioned on the issuance of the fairness opinion from an independent third party financial adviser. If a favorable opinion is secured, the Corporation and LFM intend to execute a deed of absolute sale on or before April 30, 2023. As at March 29, 2023, issuance of the fairness opinion is still pending (see Note 20).

On March 29, 2023, the Company entered into a Memorandum of Agreement with Sunshine Star Holdings, Inc. (SSHI) for the pretermination of the lease contract effective October 31, 2022, to formalize the parties' mutual understanding as to the necessary steps that will be undertaken as a result of the pretermination. SSHI has notified the Company of its pretermination plan in November 2022 due to significant negative impact of the COVID 19 pandemic to the former's business. As at December 31, 2022, the parties had agreed in principle the pretermination of the lease contract but negotiations on certain terms of the final settlement are still being finalized, allowing both parties to reach an optimum solution to mitigate the impact to both parties' business operations. Accordingly, appropriate adjustments have been reflected in the 2022 financial statements (see Note 13).

25. **Supplementary Information Required Under Revenue Regulations 15-2010**

<u>RR 15-2010</u>
The Company reported and/or paid the following types of taxes in 2022:

a. Value-added Tax (VAT)

The Company's rental income is subject to output value added tax (VAT) while its purchases from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12%.

- Net Sales/Receipts and Output VAT declared in the Company's VAT returns

	Net Sales/Receipts	Output VAT
Vatable net sales/receipts:		
Rental income	₱195,652,032	₱23,478,244
Common area service income	18,322,844	2,198,741
Others	1,089,397	130,728
Zero-rated rental income	9,112,438	–
Total	224,176,711	25,807,713
Application of input VAT		8,681,741
VAT payments		16,582,169
Balance at December 31		₱543,803

Zero-rated rental income pertains to those rendered to persons or entities whose exemptions are provided under special laws or international agreements to which the Philippines is a signatory.

b. Input VAT

Balance at January 1	₱2,621,820
Current year's domestic purchases/payments of importations	–
Capital goods not sujected to amortization	2,353,144
Capital goods subject to amortization	49,107
Goods lodged under cost of goods sold and other accounts	212,172
Services lodged under cost of goods sold	3,297,941
Services lodged under other accounts	147,557
	8,681,741
Application against output VAT	8,681,741
Balance at December 31	₱–

c. Other Taxes and Licenses

Real estate taxes	₱21,089,511
License and permits fees	3,154,760
Documentary stamp tax	684,489
	₱24,928,760

d. Withholding Taxes

Withholding taxes on compensation and benefits	₱1,811,575
Expanded withholding taxes	1,237,726

e. Tax Assessments

The Company received a Formal Letter of Demand (FLD) from BIR on November 4, 2022 for alleged deficiency income tax, VAT, expanded withholding tax, and withholding tax on compensation for taxable year 2019.

On December 7, 2022, the Company sent a letter of protest to request for reinvestigation to the BIR regional director submitting that the deficiency tax assessments against the Company have no legal and factual bases. On February 14, 2023, the said tax assessment has been negotiated.

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

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

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
LFM Properties Corporation
3rd Floor, Liberty Building
A. Arnaiz Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of LFM Properties Corporation. (the Company), as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 29, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Gaile A. Macapinlac

Gaile A. Macapinlac
Partner
CPA Certificate No. 98838
Tax Identification No. 205-947-572
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 98838-SEC (Group A)
Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-126-2022, November 7, 2022, valid until November 6, 2025
PTR No. 9564648, January 3, 2023, Makati City

March 29, 2023

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

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

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
LFM Properties Corporation
3rd Floor, Liberty Building
A. Arnaiz Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of LFM Properties Corporation (the Company) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon March 29, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Gaile A. Macapinlac

Gaile A. Macapinlac
Partner
CPA Certificate No. 98838
Tax Identification No. 205-947-572
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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BIR Accreditation No. 08-001998-126-2022, November 7, 2022, valid until November 6, 2025
PTR No. 9564648, January 3, 2023, Makati City

March 29, 2023

LFM PROPERTIES CORPORATION
(A Subsidiary of Liberty Flour Mills, Inc.)

INDEX TO THE SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2022

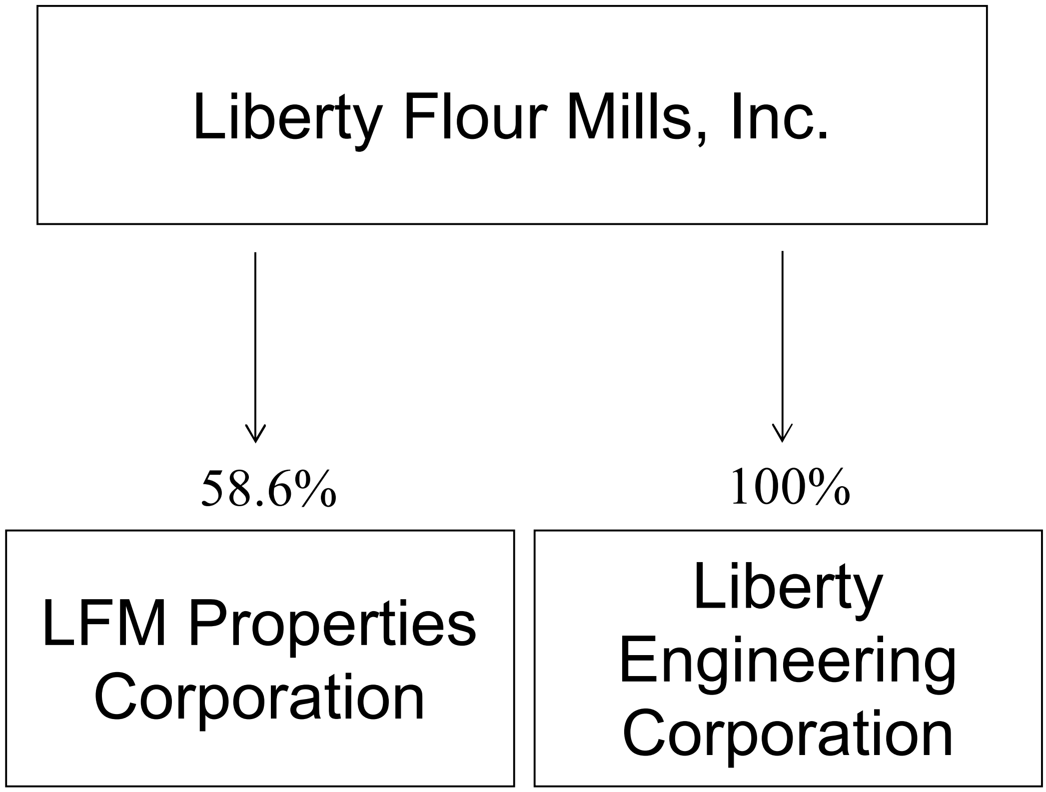
LFM PROPERTIES CORPORATION
(A Subsidiary of Liberty Flour Mills, Inc.)

ANNEX A: RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2022

	Amount
Unappropriated retained earnings, beginning	₱318,762,302
Less: Non-actual/unrealized income, net of tax	
Fair value gain on financial assets at FVTPL	(123,588,483)
Benefit from deferred income tax	(1,006,947)
Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning	194,166,872
Add: Net loss actually earned/realized during the year	
Net loss closed to retained earnings	(45,981,667)
Less: Non-actual/unrealized income, net of tax	
Fair value loss on financial assets at FVTPL	57,368,134
Movement in deferred tax assets	(336,346)
Net loss actually earned/realized during the year	11,050,121
Less: Cash dividend declaration during the year	–
Total retained earnings available for dividend declaration, end	₱205,216,993

LFM PROPERTIES CORPORATION
(A Subsidiary of Liberty Flour Mills, Inc.)

ANNEX B: MAP OF THE RELATIONSHIP OF THE COMPANIES WITHIN THE GROUP
DECEMBER 31, 2022



LFM PROPERTIES CORPORATION
(A Subsidiary of Liberty Flour Mills, Inc.)

ANNEX C: SCHEDULE A. FINANCIAL ASSETS
DECEMBER 31, 2022

	Name of Issuing Entity and Association of each issue	Number of Shares or Principal Amount of Bonds and Notes	Amount shown in the Statement of Financial Position	Value based on Market Quotation at End of Reporting Period	Income Received and Accrued
Financial Assets at Amortized Cost					
Cash	N/A	N/A	₱46,063,573	N/A	₱ 10,874
Receivables:					
Rent receivable	N/A	N/A	24,938,348	N/A	18,837
Receivable from a broker			4,303,908		
Other noncurrent assets					
Refundable deposits	N/A	N/A	2,701,019	N/A	–
			78,006,848		29,711
Financial Assets at FVTPL					
Equity investments	AC Energy Philippines Inc.	14,256,757	108,636,488	108,636,488	–
Equity investments	ACE Enexor, Inc	300,000	4,212,000	4,212,000	855,405
Equity investments	Security Bank Corp.	35,000.00	3,045,000	3,045,000	105,000
Equity investments	Philex Mining Corp.	1,000,000.00	3,040,000	3,040,000	50,000
Equity investments	PXP Energy Corp.	150,000.00	1,150,500	1,150,500	–
Equity investments	Cebu Landmasters, Inc.	223,000	624,400	624,400	33,450
Equity investments	SFA Semicon Philippines Corp.	400,000	596,000	596,000	24,7045
Equity investments	Lepanto Cons. Mining Co. "A"	3,545,455	386,455	386,455	–
Equity investments	Universal Rightfield Prop Holdings, Inc.	600,000.00	22,800	22,800	–
		20,510,212	121,713,643	121,713,643	1,068,560
Financial Assets at FVOCI					
Equity investments	PBCOM	8,965,609	116,911,541	116,911,541	–
			116,911,541	116,911,541	–
Total Financial Assets			₱313,632,032	₱238,625,184	₱1,098,271

LFM PROPERTIES CORPORATION
(A Subsidiary of Liberty Flour Mills, Inc.)

ANNEX C: SCHEDULE B. AMOUNT RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
December 31, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Period
N/A	₱–	₱–	₱–	₱–	₱–	₱–	₱–

LFM PROPERTIES CORPORATION
(A Subsidiary of Liberty Flour Mills, Inc.)

ANNEX C: SCHEDULE C. AMOUNT RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

December 31, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Period
N/A	₱–	₱–	₱–	₱–	₱–	₱–	₱–

LFM PROPERTIES CORPORATION
(A Subsidiary of Liberty Flour Mills, Inc.)

ANNEX C: SCHEDULE D. LONG - TERM DEBT
December 31, 2022

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under Caption "Current portion of notes payable" in related Statement of Financial Position	Amount shown under Caption "Notes payable – net of current portion" in related Statement of Financial Position
Five-year secured term loan	₱290,000,000	₱67,752,307	₱ 153,068,669
Five-year secured term loan	290,000,000	68,857,166	154,122,640
Total	₱580,000,000	₱136,609,473	₱307,191,309

LFM PROPERTIES CORPORATION
(A Subsidiary of Liberty Flour Mills, Inc.)

ANNEX C: SCHEDULE E. INDEBTEDNESS TO RELATED PARTIES

December 31, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions: Amounts Collected	Deductions: Amounts Written off	Current	Non-Current	Balance at End of Period
Affiliate							
N/A	₱–	₱–	₱–	₱–	₱–	₱–	₱–

LFM PROPERTIES CORPORATION
(A Subsidiary of Liberty Flour Mills, Inc.)

ANNEX C: SCHEDULE F. Guarantees of Securities of Other Issuers
December 31, 2022

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amounts Owned by Person for which Statement is Filed	Nature of Gurantee
N/A	N/A	₱–	₱–	N/A

LFM PROPERTIES CORPORATION
(A Subsidiary of Liberty Flour Mills, Inc.)

ANNEX C: SCHEDULE G. CAPITAL STOCK
DECEMBER 31, 2022

Title of Issue	Number of shares authorized	Number of Shares outstanding	Number of shares reserved	Number of shares held by related parties	Directors and officers	Others
Common	30,000,000,000	25,000,000,000	–	18,825,964,932	10	–
Preferred	1,000,000	–	–	–	–	–
	30,001,000,000	25,000,000,000		18,825,964,932	10	

LFM PROPERTIES CORPORATION

(A Subsidiary of Liberty Flour Mills, Inc.)

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS (Annex 68-E)

DECEMBER 30, 2022, 2021 and 2020

	Formula	**2022**	2021	2020
Current Ratio	Total current assets/ Total current liabilities	**0.49**	1.26	0.25
Acid Test Ratio	(Cash and cash equivalents + Receivable) / Total current liabilities	**0.18**	0.27	0.10
Solvency Ratio	(Net income + Depreciation)/ Total liabilities	**(0.003)**	0.22	0.19
Debt-to-Equity Ratio	Total liabilities/Total equity	**2.29**	1.82	2.07
Asset-to-Equity Ratio	Total assets/Total equity	**3.29**	2.82	3.07
Interest Rate Coverage Ratio	Income before interest expense and tax/Interest expense	**(0.50)**	6.49	4.46
Return on Equity	Net income/Total equity	**(0.12)**	0.31	0.27
Return on Assets	Net income/Total assets	**(0.04)**	0.11	0.09
Net Profit Margin	Net income/Revenue	**(0.20)**	0.67	0.42
Debt Service Coverage Ratio	Earnings before interest expense, income tax, depreciation and amortization / Total debt service (interest expense + principal payments)	**0.18**	7.90	5.70

LFM

PROPERTIES CORPORATION

March 29, 2023

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of LFM Properties Corporation is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2022, 2021 and 2020, in accordance with prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

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

Signature____________________
Name of Chairman : William Carlos Uy

Signature ____________________
Name of President : Jose S. Jalandoni

Signature ____________________
Name of Vice President and Treasurer : William L. Ang

SUBSCRIBED AND SWORN to before me this APR 14 2023 with ~~the presentation of the~~ following:

DOC NO. 418
PAGES OF. 84
BOOK NO. XII
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; Makati City
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

Sustainability Report

LFM Properties Corporation

Contextual Information

Company Details	
Name of Organization	LFM Properties Corporation (hereafter "*LPC*" or the "*Company*")
Location of Headquarters	Liberty Building, 835 A. Arnaiz Avenue, Makati City
Location of Operations	The business of the Conducted in the following places: 1. Liberty Plaza Building - 102 H.V. Dela Costa Street corner Valero and San Agustin Streets, Salcedo Village, Makati City, Metro Manila 2. Liberty Center Building - 104 H.V. Dela Costa Street corner L.P Leviste and San Agustin Streets, Salcedo Village, Makati City, Metro Manila 3. Commercial lot - Lot 5 Block 1 Ortigas Ave. corner F. Ortigas Jr. and Sapphire Roads, Ortigas Center, Brgy. San Antonio, Pasig City, Metro Manila 4. Pacific Plaza Condominium - 6741 Ayala Avenue and Apartment Ridge Road, Brgy. Urdaneta Village, Makati City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	This report is limited to the operations of LPC.
Business Model, including Primary Activities, Brands, Products, and Services	The Company's primary purpose is to deal and engage in the real estate business. This includes holding, owning, developing, administering, selling, conveying, acquiring, and leasing commercial, industrial, residential and urban properties..
Reporting Period	For the year ending on December 31, 2022
Highest Ranking Person responsible for this report	Jose S. Jalandoni President

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]

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

LPC acknowledges that in the course of running its business, there may be impacts on the environment as well as the communities that surround where business is conducted. Hence, in the application of the materiality principle, it was of critical importance that the in drafting and creating the sustainability report that there be a descent into the particulars.

In preparing the report, LPC looked at its organizational strengths as well as areas where improvement would be needed. There was also an evaluation of business risks, and how these risks could be mitigated. To further supplement the aforementioned analysis, all corporate strengths, opportunities, risk, and risk mitigation measures would affect stakeholders and the environment.

The Company acknowledges that if corporate measures carry negative and harmful social and environmental impacts, this would not be a sustainable practice for the Company.

In preparing the report, there were instances where the required data sets were difficult to extract since such data is not customarily collected by LPC. Given the lack of data gathering, this leads to a lack of historical insight on the datasets requested. In such cases, the Company provided information on a best-effort-basis. Additionally, when the report called for the Company to provide a course of action it will undertake in the future, the most sustainable option was selected.

If there was a request for disclosure of information, and the information requested for was not certain, the figures chosen to be reported were conservative estimates that leaned away from showing an over-compliance with sustainability goals, rather would provide for figures which would serve as a benchmark for the company to improve on. The logic and reason behind this choice of methodology is in the ingrained tendency for there to be complacency when figures and data slant favorably towards the Company.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount - In Thousands of Pesos	Units
Direct economic value generated (revenue)	230,739	PhP
Direct economic value distributed:		
a. Operating costs	77,299	PhP
b. Employee wages and benefits	13,003	PhP
c. Payments to suppliers, other operating costs	8,576	PhP
d. Dividends given to stockholders and interest payments to loan providers	27,891	PhP
e. Taxes given to government	3,839	PhP
f. Investments to community (e.g. donations, CSR)	-0-	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The largest impact that the LPC has seen is the recent trend of companies adopting alternative work arrangements (such as work from home). Given that the Company is engaged in the commercial real estate business, its primary source of income is commercial leases to businesses. There is a direct relation between the alternative work arrangements and the ability of the LPC to secure tenants.	The Company, Employees, and the Community	To mitigate the risk the company has focused its attention to securing leases from companies and industries that have a tendency for employees to adopt non-flexible work arrangements.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Early termination of lease contracts and/or or non-renewal of lease contracts that result to vacancies in the leasable areas, especially if such vacancies will be for a significant amount of time	The Company, Employees, and the Community	To mitigate this risk, the Company intends to maintain the current tenant base and continue to carefully screen prospective lessees and impose penalty charges in case tenants pre-terminate their lease contracts.
Delays in the payment of rent caused by many possible causes, including decline in the lessees' sales or business income		
Lessees seeking the protection of bankruptcy laws that could result in delays in the Company's receipt of rental payments		
The Company's inability to collect rental payments		
Failure of the lessee to comply with the general terms of the lease		
Non-enforcement of rental escalation due to various reasons, including request of lessees to prevent early termination of the lease		

Failure of defaulted lessees to move out of the leased premises		
Increase in operating costs and other expenses. With no assurance that the Company will be able to maintain its current level of operating expenses, and any increases in such expenses may have an effect on its financial condition and results of operation. Certain factors can increase the Company's operating and other costs for the LPC Properties, including higher inflation rate, payroll expenses, energy costs, sub-contracted service costs, energy costs, insurance premiums, unforeseen capital expenditures, and property taxes and other statutory charges. Changes in government laws, regulations, or policies may also lead to additional costs to comply with such laws, regulations, or policies.	The Company, and the Employees	To mitigate this risk, the Company will continue to manage its operating expenses, which in the past it was able to successfully do so, without compromising the quality of its services.
Non-Liquidity of Real Estate Investments. Real estate investments, particularly investments in high value properties such as commercial land and buildings are relatively illiquid. Such illiquidity may affect the Company's ability to diversity its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market, or other conditions. This could have an adverse effect on the Company's financial condition and results of operations.	Company	The Company believes that this risk is mitigated by the LPC Properties' strategic location within the central business districts (CBDs) of Makati City and Pasig City, Metro Manila, two (2) of the major financial districts in the Philippines, which is a major consideration for tenants and locators due to their accessibility to major business establishments and thoroughfares
The Company's business is largely affected by the general level of activity and growth in the Makati and Pasig CBDs. All of the LPC Properties are located in the Makati and Pasig CBDs.	Company	To mitigate this risk, the Company plans to: (a) create a development or project in the Ortigas Vacant Commercial Land, most likely similar in nature to Liberty Plaza Building and Liberty Center

There can be no assurance that: (i) the Makati and Pasig CBDs will continue to be major CBDs within Metro Manila; (ii) the expected developments in said CBDs may eventually materialize; and (iii) rental rates in the CBDs will remain at their current levels.		Building; (b) expand its land bank in the Metro Manila and CALABARZON areas; and (c) take advantage of leveraging synergies from LFM which owns two (2) buildings for lease located in Mandaluyong City and Makati City, Metro Manila.
The Company operates a material part of its businesses in a regulated environment. The Company is subject to numerous environmental laws and regulations relating to the protection of the environment and human health and safety. These include laws and regulations governing air emissions, water and waste water discharges, odor emissions, and the management of, disposal of, and exposure to hazardous materials.	Company	To mitigate this risk, the Company keeps itself abreast of the latest compliance requirements, as well as the latest technologies that enable it to implement and comply with existing sanitation, environment and safety laws, and other regulations at cost-efficient means.
The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, floods, droughts, volcanic eruptions, and earthquakes that could adversely affect the Company's business. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations or any assurance that the Company will be capable of dealing with or recovering from such situations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's operations and properties, particularly Liberty Plaza Building and Liberty Center Building which are large and complex buildings that are susceptible to structural damage and failure.	Company	To mitigate the risk, the Company endeavors to keep its properties in good working condition, insured to their full insurable value with financially sound and reputable insurers against loss or damage in such manner and to the same extent as customary for a business of the same character.

Climate-related risks and opportunities[2]

Governance	Strategy	Risk Management	Metrics and Targets
The Company has a Risk Oversight Committee which is primarily for tracking, collating, and analyzing the various risks that LPC faces.	Natural disasters (e.g. Typhoons and floods) are risks that the Company faces. As mentioned above, natural diesters that affect the structures of the Company's buildings pose as a real and severe threat.	To mitigate the natural disaster risk, the Company endeavors to keep its properties in good working condition, and insured to their full value with sound and reputable insurers.	To measure the effects of natural calamities, the Company looks at the following: • Historical data on natural calamities • Effects of natural calamities on structures locally and abroad • Costs to repair any damage to property, plant and equipment.
Given that the Commercial Real Estate Business is one that is classified by law as environmentally critical the Company ensures that it is, at all times, compliance with the Environmental Compliance Certificate issued by the Department of Environment and Natural Resources.	Given the carbon footprint of commercial buildings, the Company, on a best efforts basis, endeavors to minimize environmental impacts by adopting sustainable practices such as encouraging conservation of utilities and ensuring that all waste products of the building are properly disposed of.	To mitigate the risks, the Company implements stringent monitoring measures to ensure that there is optimization of environmental saving measures. Furthermore, LPC also, when finances permit, upgrade/ update the necessary machinery and equipment to those that are more environmentally friendly.	The Company investigates the overall usage of utilities, monitors the discharge of waste and pollutants, and monitors compliance with environmental permits.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	*Variable, and subject to change.*	%

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Suppliers and Contractors are chosen based on predetermined requirements and their capacity to fulfill the needs of the Company in the most economically feasible manner.	Employees, Suppliers, Contractors, and Customers.	The Company requires that those that it deals with possess all the necessary permits and licenses necessary to operate.
Suppliers supply various materials and equipment to the building. These include waste management solutions, industrial chemicals, cleaning products, and the like.	Suppliers, Contractors, and Customers	On a best efforts basis, the company selects those suppliers whose products have no known adverse environmental impact.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Given the advancement of environmental understanding, there is a risk that current products and supplies provided to the Company, especially industrial chemicals, could be determined to be environmentally adverse.	Suppliers	The Company is actively searching for alternative products that are both cost effective and environmentally friendly.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Advancement in technologies will allow the Company to adopt more efficient equipment and machinery.	Suppliers	The Company, if finances permit, seeks to install, deploy, and purchase equipment and machinery that reduces the overall carbon footprint of its business. These could be done through the installation of solar panels, or the purchase and installation of more energy efficient air-conditioning systems and elevators.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	No formal training	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	No formal training	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	No formal training	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company has an Anti-Corruption Policy in its Code of Corporate Governance.	Employees, suppliers, service providers, and Government.	The Company has an Anti-Corruption and Bribery policy which prohibits directors, officers, management, and all employees from offering or receiving any benefit to "facilitate transactions. To implement such policy, the Company has a Whistleblowing Policy which can be found in the Company's Code of Corporate Governance.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Bribery and corruption may be facilitated by employees, suppliers, or service providers, without the knowledge of the Company.	Employees, suppliers, service providers, and the Government.	In the exercise of its day-to-day operations, the Company endeavors to ensure that employees handling government facing roles do not engage in corrupt practices. It is difficult to monitor compliance with this from the supplier and service provider's side since their operations are not controlled by the Company. However, in the selection of suppliers and service providers the Company

		selects those with good reputations – both business wise and ethically.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
An opportunity that the Company has is to communicate the anti-corruption policy, not only to government and regulatory facing employees, rather to all.	Employees	Management will endeavor to come up with a training program, if feasible, to orient its employees on the Anti-Bribery and Corruption Policy and Whistleblowing Policy of the Company.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	None	#-
Number of incidents in which employees were dismissed or disciplined for corruption	None	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
For the 2022 Fiscal Year, there were no reports or incidents that the Company has knowledge of.	Employees, suppliers, service providers, and the Government.	To ensure that this remains the same moving forward, the Company will communicate such to its directors, officers, and employees.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
If there is a lapse in oversight, some employees or suppliers, or service providers, may be tempted to engage in corrupt practices to help expedite certain matters.	Employees, suppliers, service providers, and the Government.	To ensure that this does not happen, the Company will endeavor to monitor transactions that its employees have with the government, as well as remind its suppliers and service providers, that the company will not tolerate them engaging in corrupt practices.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**

No opportunities identified.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	n/a	GJ
Energy consumption (gasoline)	n/a	GJ
Energy consumption (LPG)	n/a	Kgs
Energy consumption (diesel)	23.78	GJ
Energy consumption (electricity)	1207.58	GJ

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	n/a	GJ
Energy reduction (LPG)	n/a	GJ
Energy reduction (diesel)	n/a	GJ
Energy reduction (electricity)	n/a	kWh
Energy reduction (gasoline)	n/a	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The operation of buildings consumes a great amount of electricity.	Community	The Company seeks to ensure that the use of energy is in the most efficient manner. Furthermore, the Company is currently monitoring energy consumption; as well as consider upgrades to facility to make its buildings more energy efficient.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant risks were reported or identified.		

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company makes a constant effort to try and lower the amount of energy consumption that the company consumes in every aspect of its operations. This not only helps the environment, it also reduces the Company's operating costs.	Employees, Community	The Company implements measures to try and lessen its energy consumption. Among these measures is considering and planning for the modernization and utilization of upcoming technologies.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	n/a	m^3
Water consumption	14,569	m^3
Water recycled and reused	n/a	m^3

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Water consumption is primarily driven by the use of clients and tenants of the Company's Buildings.	Company, Tenants, Stakeholders	Given that discretion on the use of water resources is dependent on the decisions of individuals, the Company sets reminders that water use must be efficient and minimized.
Another source for the company's use of water would be those that are necessary for the upkeep and cleaning of facilities and employee lavatory use. These are further exacerbated by the COVID-19 pandemic where people are encouraged to constantly disinfect. Consequently, there is less focus given to reducing water consumption, and greater attention to sanitizing and disinfecting the premises. This	Employees and the Company	The Company tries to reduce its water consumption by scheduling the most optimal time for sanitation. Employees are also reminded to conscientious with their use of water.

necessarily entails an increase in the usage of water.		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant risks were reported or identified.		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company makes a constant effort to try and lower the amount of water consumption that the company consumes in every aspect of its operations. This not only helps the environment, it also reduces the Company's operating costs.	Employees, Community	The Company implements measures to try and lessen its water consumption. These are done through employee reminders to conserve water, and try and use upcoming technologies in flour milling that make the milling process more efficient and less draining on natural resources.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	No data available	kg/liters
• non-renewable	No data available	kg
Percentage of recycled input materials used to manufacture the organization's primary products and services	No data available	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Being engaged in the real estate business there is industrial waste produced by the nature of the operations. These include the waste matter from restrooms and cafeterias, used containers for supplies, and other discarded waste. The materials used are non-renewable in nature.	Tenants and Community	The Company's a goal is to encourage its employees and tenants to create as little waste as possible, and to require the proper segregation of waste.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Given that the nature of the business of the Company, it necessarily deals with human, commercial, and industrial waste.	Community	The Company ensures that human, commercial, and industrial waste are properly disposed of and segregated accordingly.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company foresees that advancements in technology, especially the comfort level with digitalization, can reduce material consumption.	Tenants, Employees and Community	To the extent possible, the Company encourages the use of digital means for all circulars, communications, and documentation with tenants.

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

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	n/a	
Habitats protected or restored	n/a	Ha
IUCN[3] Red List species and national conservation list species with habitats in areas affected by operations	n/a	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Not applicable		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Not applicable		

[3] International Union for Conservation of Nature

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	None	kg
Energy indirect (Scope 2) GHG Emissions	None	kg
Emissions of ozone-depleting substances (ODS)	None	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Not applicable		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Not applicable		

Air pollutants

Disclosure	Quantity	Units
NO_x	No data available	kg
SO_x	No data available	kg
Persistent organic pollutants (POPs)	No data available	kg
Volatile organic compounds (VOCs)	No data available	kg
Hazardous air pollutants (HAPs)	No data available	kg
Particulate matter (PM)	No data available	kg

Note: *The Company has no accurate means to determine the exact weight of its air pollutants.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

The operations of the buildings may create air pollutants.	Community	LPC does not have the institutional expertise or means to accurately measure the extent of its air pollutants discharge. To mitigate this lack of knowledge, the Company encourages the efficient use of utilities, which is believes is the main source of potential or possible air pollutants.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Given the lack of the facilities to monitor or study air pollutants the Company has no visibility on its environmental impact.	Community	The Company encourages the efficient use of utilities (especially the generator sets, and air conditioning units) which the Company believes could be the main contributor of air pollutants emitted by the Company.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Advancements in technology creating more energy efficient equipment and machinery as well as alternative power sources.	Community, Company, and Stakeholders	The company constantly studies and considers implementing technologies and equipment that would make the buildings more environmentally sustainable. However, given that these will entail significant capital expenditure, the company balances the intent to upgrade with the financial feasibility of these improvements.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	34,826	kg
Reusable	No data available	kg
Recyclable	20,895.6	kg
Composted	No data available	kg
Incinerated	No data available	kg
Residuals/Landfilled	No data available	kg

Note: The Company has no accurate means to determine the exact weight of all its solid waste produced. However, based on the estimates provided by the DENR, 1 garbage bag is equivalent to kgs. of waste.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
There are solids wastes that are necessarily created by virtue of operating a commercial establishment. This include commercial, human, and industrial waste.	Community	As a matter of policy, the Company tries to reduce the amount of waste from its operations as well as encourage its tenants to reduce their waste. Proper segregation of waste materials is also enforced in the Company's buildings. Furthermore, there are safeguards and procedures in place to ensure that the solid waste is disposed of properly.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant risks were reported or identified.		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant opportunities were reported or identified.		

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	1200	kg
Total weight of hazardous waste transported	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company, through the course of operating commercial buildings generates hazardous waste.	Employees and Community	The Company ensures that there are proper measures and safeguards in place for the identification and handling of hazardous waste. These are implemented to ensure the safety of the Company's employees, as well as ensuring its proper disposal. In the transportation of hazardous waste, the Company ensures that it

		handles the hazardous waste properly. If the hazardous waste is beyond the competency of the Company to handle, the services of a duly licensed and accredited third-party provider are secured.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant risk reported or identified.		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant risk reported or identified.		

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	No data available	Cubic meters
Percent of wastewater recycled	No data available	%

Note: The Company has no accurate means to determine the exact quantity of water discharges since the establishments are tapped to Magallanes STP.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
As a by-product of toilets, and sanitation facilitates, the Company produces waste water.	Employees and Community	The company does not transport nor handle its own wastewater. However, to ensure that the proper handling of the wastewater, the Company ensures that the necessary facilities are in place to ensure that wastewater reaches the proper sewage.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant risk reported or identified.		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**

No significant opportunity reported or identified.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	none	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	none	#
No. of cases resolved through dispute resolution mechanism	none	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Not applicable		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Not applicable		

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[4]	14	
a. Number of female employees	3	#
b. Number of male employees	11	#
Attrition rate[5]	n/a	Rate
Ratio of lowest paid employee against minimum wage	n/a	Ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	0	9.00
PhilHealth	N	0	0
Pag-ibig	Y	0	36.00
Parental leaves	Y	n/a	11.00
Vacation leaves	Y	67.00	89.56
Sick leaves	Y	0	73
Medical benefits (aside from PhilHealth))	N	0	0
Housing assistance (aside from Pag-ibig)	N	0	0
Retirement fund (aside from SSS)	Y	0	9.00
Further education support	N	n/a	n/a
Company stock options	N	n/a	n/a
Telecommuting	N	n/a	n/a
Flexible-working Hours	N	n/a	n/a
(Others)		n/a	n/a

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Technological advancement, especially in the field of administrative works, has been forecasted to displace the human workforce.	The Company sees employees as a valuable resource. As such, the Company sees value in ensuring that employees are kept abreast and made technologically proficient.

[4] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

[5] Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

What are the Risk/s Identified?	Management Approach
Given the lean organizational structure of the Company there is a risk that resignations and requirements would hamper operations.	The company, to the extent possible, reviews and implements succession planning.
What are the Opportunity/ies Identified?	**Management Approach**
Productivity tools which are artificial intelligence assisted has the potential to reshape how business is conducted.	The company explores how the current suit of digital tools can remove tedious and mundane work activities. This will allow our employees to focus on the more thought intensive matters.

Employee Training and Development

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
None identified and reported.	
What are the Risk/s Identified?	**Management Approach**
As mentioned above, there is a real risk that advancements in technology, artificial intelligence in particular, can displace human jobs	Instead of outright adoption of technological advancements, the Company looks at how this can blend in with the skills and competencies of its workforce.
What are the Opportunity/ies Identified?	**Management Approach**
As mentioned above, there is an opportunity for Company employees to upskill and ready themselves for the emergence of new technologies.	Management studies and determines the applicability of certain technological advancements and how these can be adopted to the skill base of its employees. However, employee input is appreciated and greatly considered.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	None	%
Number of consultations conducted with employees concerning employee-related policies	None	#

Note: *The Company's employees are not unionized.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Not Applicable	
What are the Risk/s Identified?	**Management Approach**
Not Applicable	
What are the Opportunity/ies Identified?	**Management Approach**
Not Applicable	

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	21	%
% of male workers in the workforce	79	%
Number of employees from indigenous communities and/or vulnerable sector*	0	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company supports diversity in employment, where of prime importance is skill and qualification. The Company does not discriminate as to matters such as, race, sex, religion, gender orientation, political opinion, and others.	The Company implements and "*equal employment opportunity for all*" policy, and strays from discriminating against applicants.
What are the Risk/s Identified?	**Management Approach**
No significant risk reported or identified.	
What are the Opportunity/ies Identified?	**Management Approach**
No significant opportunity reported or identified.	

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	0	0
No. of work-related injuries	0	0
No. of work-related fatalities	0	0
No. of work related ill-health	0	0
No. of safety drills	2	6 attendees x 1hr=6 man-hour

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company values the health, safety, and wellbeing of its employees. In furtherance of such, the company implements and complies with safety, health and welfare standards, and policies.	In the interest of the health of the Company's employees the former has implemented a retirement scheme that is more favorable than required by law.
What are the Risk/s Identified?	**Management Approach**
Given that the employees work in high rise buildings, natural calamities pose a risk to their life and health.	Management implements measures to ensure disaster preparedness.
What are the Opportunity/ies Identified?	**Management Approach**
No significant opportunity reported or identified.	

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	None	None

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

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
For 2022 there were no incidents related to human rights abuse.	Employees are given an avenue through which they could voice out any complaints and concerns, including human rights violations. Under the Code of Corporate Governance, the employees have a grievance mechanism where they can submit complaints to the internal auditor, the audit committee, or any responsible officer of the Company. The choice of which avenue to course complaints is at the reporting employee's discretion.
What are the Risk/s Identified?	**Management Approach**
If the Company does not respect and honor human rights, these will have massive negative impacts on the morale of the employees which may lead to strikes, lockouts, work stoppages, pickets, mass resignations and the like.	The Company undertakes and ensures that it respects and values human rights. Furthermore, as part of the Company's Code of Corporate Governance, employees are treated as partners in value growth and creation.
What are the Opportunity/ies Identified?	**Management Approach**
No significant opportunity reported or identified.	

Supply Chain Management

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

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	Y	The Company does not have a specific policy for suppliers, rather there is a general Anti-Corruption Policy in the Code of Corporate Governance.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach

Suppliers and service providers are selected based on their ability to fulfill the needs and requirements of the Corporation.	Before a supplier is selected, the company does a background check of the following, among others: historical performance with the company; historical performance with other companies or businesses; and reputation for fair and good dealing.
What are the Risk/s Identified?	**Management Approach**
No significant risks reported or identified. The company's supply chain basically consists of readily available commodities.	
What are the Opportunity/ies Identified?	**Management Approach**
No significant opportunity reported or identified.	

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
None					

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

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

Certificates	Quantity	Units
FPIC process is still undergoing	n/a	#
CP secured	n/a	#

What are the Risk/s Identified?	Management Approach
Not applicable	

What are the Opportunity/ies Identified?	Management Approach
Not applicable	

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	No data available.	N/A

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Tenant satisfaction is essential to the Company, because it leads to extension of leases as well as leasing referrals.	The Company strives for all its tenants to be satisfied with the services that it provides. This includes maintaining and updating the facilities in the buildings.
What are the Risk/s Identified?	**Management Approach**
Given new buildings being built around Metro Manila, there is the risk that current tenants may choose to move to the newer office spaces. This is further compounded by the fact that the implementation of flexible work arrangements became more prevalent after COVID-19.	The Company tries to maintain the current tenant base and continue to carefully screen prospective lessees and impose penalty charges in case tenants pre-terminate their lease contracts.
What are the Opportunity/ies Identified?	**Management Approach**
The Company sees opportunity in developing its property in Ortigas.	The Company is currently studying the financial feasibility of this project.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	None	#
No. of complaints addressed	No complaints	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
No reported impact reported or identified.	
What are the Risk/s Identified?	**Management Approach**
As mentioned above, natural calamities pose a risk to health and safety.	The Company implements disaster response training as well as fire and earthquake drills.
What are the Opportunity/ies Identified?	**Management Approach**
No significant opportunity reported or identified.	

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	None	#
No. of complaints addressed	None	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
No significant marketing or labelling impact reported or identified.	
What are the Risk/s Identified?	**Management Approach**
No significant risk reported or identified.	
What are the Opportunity/ies Identified?	**Management Approach**
No significant opportunity reported or identified	

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	None	#
No. of complaints addressed	None	#
No. of customers, users and account holders whose information is used for secondary purposes	None	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company processes the personal data of its tenants, as well as those that may provide them incidentally to the contracts of lease (such as those of delivery personnel and visitors).	The Company seeks to implement data privacy industry best practices while balancing these practices with then need to collect personal data for security purposes.
What are the Risk/s Identified?	**Management Approach**
The largest risk in the processing of personal data is it being susceptible to a breach or unauthorized processing.	To the extent practicable, the Company tries to implement industry best practices. This includes trying to implement privacy by design mechanisms and refraining from collecting sensitive personal information to the extent possible.
What are the Opportunity/ies Identified?	**Management Approach**
Technological advances can be leverages to improve matters related to data privacy and security.	Management studies adopting technologies that would further the objectives of the general principles of data privacy and security.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	None	None

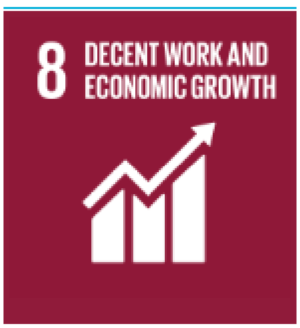
What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
For the year 2020 there were no data breaches or security incidents.	The Company values information security, especially in these evolving times. To ensure that the Company is insulated from cyber threats, it has implemented the necessary safety and security measures as well as hired the services of a third-party contractor with more expertise on the subject to handle the matter.
What are the Risk/s Identified?	**Management Approach**
The increasing reliance on information technology infrastructure makes the Company susceptible to cyber-attacks, data breaches, security incidents, and the like.	As mentioned above, the company has in place security measures which would address these concerns. However, to not compromise the

	security systems of the company, the specifics of such shall be left out.
What are the Opportunity/ies Identified?	**Management Approach**
No significant opportunity reported or identified.	

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

	**<u>Contribution to UN SDG's:</u>** Through its operations, the Company creates employment opportunity for the community. This may be in the form of its own employees, or those service providers (such as security and janitorial) that render services for the buildings. **<u>Negative Impacts and mitigation measures:</u>** A negative impact of job creation would be the Company's indirect contribution to the increase in fossil fuel usage, arising from the fossil fuels consumed by employees going to and from work. To mitigate these risks, the Company tries to encourage employees to use alternative modes of transportation that would not require the use of fossil fuels.
	**<u>Contribution to UN SDG's:</u>** The Company, as a real estate company, is in a position to implement innovative and sustainable concepts in its projects. **<u>Negative Impacts and mitigation measures:</u>** Given that fixed assets have a tendency to age, there is a constant uphill battle to ensure that these assets are environmentally efficient and comply with current best practices.
	<u>Contribution to UN SDG's:</u>

10 REDUCED INEQUALITIES	The Company is committed to supporting diversity and equal opportunity in the workplace. As provided for by the Code of Corporate Governance, LPC does not support any form of discrimination or bias. **<u>Negative impacts and mitigation measures:</u>** The Company does not see any negative impacts for implementing equal opportunity measures.