

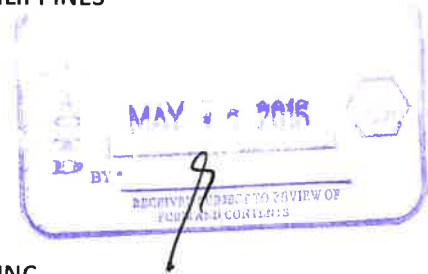


# SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

- For the fiscal year ended December 31, 2015 (Full Year)
- Commission identification number. CS 2005 11 816
- BIR Tax Identification No 239-508-223-000
- Exact name of issuer as specified in its charter 8990 HOLDINGS, INC.
- Province, country or other jurisdiction of in Company or organization : Metro Manila, Philippines
- Industry Classification Code  (SEC Use Only)
- 11F Liberty Center, 104 HV Dela Costa, Salcedo Village, Makati City, 1200 Philippines  
Address of issuer's principal office Postal Code
- Issuer's telephone number, including area code (632) 4789659/5333915/5333917
- Former name, former address and former fiscal year, if changed since last report N/A
- Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA



Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
<b>Common</b>	<b>5,517,990,720</b>
<b>Fixed Rate Bonds</b>	<b>9,000,000,000</b>

- Are any or all of the securities listed on a Stock Exchange?

Yes [  ] No [  ]

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

**Name of Stock Exchange:** Philippine Stock Exchange  
**Class of Securities Listed:** Common Shares

- Indicate by check mark whether the registrant:

(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 Company 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

- 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").

The aggregate market value of the voting stock held by non-affiliates of the Company as of December 29, 2014, the last trading day for the year is Php9,964,483,980.24 (1,399,506,177 shares @ Php7.12/share).

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

- 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  (N/A)

**DOCUMENTS INCORPORATED BY REFERENCE**

- 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 documents is incorporated:
  - (a) Any annual report to security holders; (N/A)
  - (b) Any information statement filed pursuant to SRC Rule; (N/A)
  - (c) Any prospectus filed pursuant to SRC Rule 8.1. (N/A)

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## PART I – BUSINESS AND GENERAL INFORMATION

### Item 1. Business

#### Business Development

8990 Holdings, Inc. (“The Company”) is the largest mass housing developer in the Philippines in terms of units licensed under BP 220 from 2011 to 2013, according to Housing and Land Use Regulatory Board (HLURB). The principal owners began development of their first horizontal mass housing project in 1991 in Cagayan de Oro, and have since expanded into other high-growth areas across the Philippines, such as Davao, Iloilo, Pampanga, Cavite, General Santos, Bulacan and Bacolod. Banking on over eighty (80) years of collective experience in the Philippine property development industry of its principals, The Company has built a reputation of providing quality and affordable homes to consumers in the fast-growing Philippine mass housing market. The Company’s DECA Homes and Urban DECA Homes brands undoubtedly gain a strong reputation in the market, resulting in The Company garnering numerous awards including Q Asia Magazine’s Best Housing Developer for 2012-2013. As of December 31, 2015, the Company has completed thirty four (34) mass housing projects, and is currently developing fourteen (14) more mass housing projects. The Company’s completed and on-going development projects consists approximately forty one thousand (41,000) housing units, to date.

The Company believes that its industry experience has equipped it with the ability to understand the demands, needs, preferences, means and circumstances of consumers in the Philippine mass housing market. The Company offers an affordable pricing and payment model, and has developed its CTS in-house financing program to cater to mass housing market Filipino consumers who do not have the accumulated savings to pay high down payments for homes, but have sufficient recurring income to support monthly amortization payments. Under this program, customers only pay a minimal down payment and can quickly move into their chosen homes. The Company retains ownership of such homes until full payment is made by the customer. The CTS in-house program is further strengthened by the Company’s strong relationship with Home Development Mutual Fund (HDMF) otherwise known as PAG-IBIG, the primary Government agency providing housing financial assistance to Filipinos through the long-established PAG-IBIG loan program. The Company has structured the CTS program such that the requirements for such product generally mirror the requirements to avail a PAG-IBIG home loan. This essentially ensures the take-up by PAG-IBIG of such loans upon application by customers, converting receivables of the Company into cash and lessening the financing and other risks appurtenant to potential buyer defaults.

Consistent with the Company’s thrust of providing quality and affordable housing units to its customers, the Company also introduced a pre-cast construction process, which enables it to construct complete residences ready for move-in much faster than under the conventional concrete cinder block method. Through this process, the Company is able to construct townhouses and single-storey attached units in just eight (8) to ten (10) days, with an additional five (5) days for single-storey houses with lofts. The use of this process allows the Company to realize significant cost savings and enables it to turn over units to its customers in a fast and efficient way.

In addition to horizontal mass housing subdivision projects, the Company also develops medium-rise building (“MRB”) condominium projects. The Company began development of its first MRB mass housing project in Cebu in 2008 and has now expanded the MRB projects in Muntinlupa and in Tondo, Manila.

The Company has also started building its high-rise building projects called Urban Deca Towers in EDSA Shaw and plans to expand in other areas of Metro Manila.

In 2014 and 2015, the Company recorded consolidated revenues from sales of PhP7,792.5 million and PhP9,651.7 million, respectively, with resulting net income of PhP3,309.1 million and PhP4,053.2 million, respectively.

## **Competitive Strengths**

The Company considers the following to be its principal competitive strengths:

### ***Favorable market and industry demographics of the Mass Housing sector.***

The Company believes that the Mass Housing sector has shown favorable market demographics in recent years and will continue to do so in the medium- to long-term. Consistent with steadily expanding GDP and rising consumption and spending domestically, the Company believes that the growing Philippine workforce is primarily comprised of young individuals with regular cash flows, which will drive continued expansion and growth in the Philippine housing sector. According to HLURB, from 2001 to 2011, a total of 1,829,165 Mass Housing units were built; during this same period, however, the backlog for new Mass Housing units was approximately 3,087,520 units. In addition, according to the SHDA/CRC Report (based on data from HLURB, HUDCC, United Nations World Population Prospects and the National Statistics Office of the Philippines), by 2030 the total housing need in the Philippines is expected to increase to approximately 6.3 million units, largely driven by the demand for Mass Housing units at approximately 4.8 million units.

The Company believes that it is squarely positioned to capitalize on the existing housing need and growing demand for Mass Housing in the Philippines. This is borne out by the Company's attractive business model of quick construction and roll-out of quality finished houses with affordable monthly amortizations. The Company typically rolls out its horizontal housing developments in phases of up to 200 houses, with a typical phase being completely rolled out after around two months from start of construction. While construction is ongoing, the Company also simultaneously conducts its marketing and sales campaigns, including reservation and processing of homebuyer applications. Given that the Company is serving a need-based market segment within which there is significant demand for housing supply, a substantial number of units are pre-sold prior to completion of construction. This has resulted in strong sales growth recorded by the Company in recent years.

### ***Leading Mass Housing developer with established track record and brands for the underserved Mass Housing segment.***

The Company is the largest Mass Housing developer in the Philippines in terms of units licensed under B.P. 220 from 2011 to 2013, according to HLURB. In 2003, the Company launched its projects under the DECA Homes brand. As of March 31, 2015, the Company has completed 24 Mass Housing projects and is developing another nine Mass Housing and MRB projects. Across these 24 completed and ongoing projects, the Company has, since 2003, sold more than 28,000 units, with approximately 21,000 additional units available for development and sale from ongoing projects. As a result of this track record, the Company has built a reputation of providing quality and affordable homes to consumers in the fast-growing Philippine Mass Housing market, resulting in the Company garnering numerous awards such as Q Asia Magazine's Best Housing Developer for 2012 to 2013.

The Company believes that it is one of the few developers dedicated to serving the housing needs of the Mass Housing segment throughout the Philippines, with most of its direct competitors being smaller regional developers with limited geographical coverage. This has allowed the Company to build significant nationwide brand equity for its DECA Homes and Urban DECA Homes brands across its target market and also achieve economies of scale from its operations.

### ***Customer-focused product and payment scheme best suited for the Mass Housing market, coupled with effective collection and risk management policies.***

The Company believes that its industry experience has equipped it and its management with in-depth knowledge and understanding of the needs, preferences, means and constraints of the Mass Housing segment customer base. The Company continuously undertakes demographic analysis of its customer base,

which helps in developing products and payment schemes that are in line with the needs and lifestyles of its target customers. The Company believes that sustainable affordability is critical in serving the Mass Housing segment. Accordingly, the Company tailors the house area, lot area and locations of its developments to deliver housing products where the monthly amortization payments are affordable for its target customers when compared to monthly rental payments for comparable housing units, hence allowing a smooth transition from home rental to ownership. Furthermore, the Company's innovative CTS Gold financing program typically requires a relatively small upfront payment (normally 2% of the purchase price of the unit, compared to approximately 10% to 20% equity down payment generally required by other developers). This allow home buyers to purchase and move into a house without material effect on their savings. Fast and efficient processing under the CTS Gold financing program, combined with the Company's pre-cast construction process, translates into the ability to deliver units to customers within a short time frame. This combination of market knowledge, technical expertise and customer understanding results in a compelling proposition for the Company's target Mass Housing segment, which is primarily driven by end-user demand.

To complement and support the CTS financing program, the Company has developed a comprehensive collection platform comprising policies, structures, systems, organizations and mechanisms focused on collection efficiency and the mitigation of payment delinquency. The Company proactively approaches customer credit management, beginning at the point prior to actual sale by conducting in-house seminars/lectures covering key topics related to purchasing a housing unit such as documentary requirements, payment structure and credit and legal obligations connected with the housing unit purchase. The Company has also implemented a comprehensive credit verification process for all potential buyers looking to purchase housing units under the in-house CTS program, which includes a rigorous and systematic documentation approval process. In addition, the Company is able to leverage on its previous experience as collection agent for Pag-IBIG in formulating and implementing highly effective collection processes, including discontinuing the supply of certain utilities to the unit and/or disallowing certain privileges with respect to use of the Company's facilities in the developments. This has resulted in the Company recording estimated collection efficiency rates, defined as amount collected out of current amount due, of over 93% since 2011, with an estimated efficiency rate of 93% in 2013 and 93% in 2014. Moreover, the Company believes that, in part as a result of its collection processes, of the customer accounts which become delinquent, approximately half become active again within three months of default. For the remaining half of the delinquencies that ultimately result in default, the Company is able to regain possession and typically resell the property in due time.

***Market innovations with respect to construction processes, which translates into efficiencies and cost-savings.***

The Company has continually invested in innovation to update its building processes and minimize wasted materials while at the same time maintaining the quality of its products and rapid completion of housing units. To this end, the Company has developed its own unique building system that makes use of a pre-cast construction process, enabling the Company to construct and complete housing units and MRBs in a cost- and time-efficient manner without compromising the quality and standards of the housing units being turned over to its customers. The utilization of this pre-cast construction process on-site, as opposed to traditional building methods, likewise results in significant cost reduction for the Company, particularly on labor costs. The Company believes that these factors help it to achieve and maintain healthy profit margins. Since pre-cast is manufactured in a controlled casting environment, it is easier to control the mix, placement, and curing; hence, quality can be monitored easily and wastage, typically a large cost for those still utilizing traditional construction methods, is significantly reduced. The Company sources cement from the largest cement manufacturers, which it then blends in-house, together with other additives in specific proportions, to create its proprietary concrete blend. This concrete mix has a faster curing time than standard concrete mixes, which allows for faster setting of pre-cast molds, resulting in panels that can withstand approximately four times as much pressure per square inch than traditional cinder block

structures. For instance, the recent 7.2 magnitude earthquake, which affected Cebu and Bohol tested the structural strength and quality of the Company's projects in the area. The Company commissioned an independent structural engineer to inspect the units in its affected projects and the inspection indicated that there was only minor superficial damage and that the units remained structurally stable and fit for occupancy. Through the use of this process, the Company is able to construct townhouses and single attached units in just eight to 10 days with an additional five days for single-storey houses with lofts.

The Company continuously improves and refines this process and has mastered its efficient implementation in the field. This construction process is highly scalable and, as such, enables the Company's high levels of growth.

***Strong relationships with key housing and shelter agencies.***

The Company, through its Subsidiaries and Principals, has been recognized by key Government shelter agencies with respect to its success in the industry. In particular, the Company was recognized by HLURB as the developer with the most number of subdivision units licensed under B.P. 220 from 2011 to 2013. In addition, the accreditation of the Company's projects with the Board of Investment under the Investments Priorities Plan ("IPP") allows each accredited project to enjoy certain tax incentives.

These recognitions demonstrate that the Company has a good reputation and working relationship with key Government agencies that are essential to any success in the Mass Housing development industry. Pag-IBIG serves as the primary Government housing financial assistance program in the Philippines, with a statutory mandate to provide financial assistance for the housing requirements of its members and allot not less than 70% of its available funding for deployment of housing loans to qualified buyers. The Company closely coordinates with Pag-IBIG to increase the efficiency in Pag-IBIG's take-up of the Company's contracts-to-sell under its CTS Gold in-house financing scheme. The Company has also voluntarily submitted a proposal for it to be recognized as an authorized collection agent by Pag-IBIG for its home buyers, thus lessening the manpower needed by Pag-IBIG to follow up and keep accounts current.

***Experienced management team with extensive expertise in Mass Housing development.***

The Company prides itself in having an experienced management team under the leadership of Mr. Luis Yu, Jr. (Chairman Emeritus and Founder), Mr. Mariano Martinez, Jr. (Chairman of the Board) and Mr. Januario Jesus Gregorio III B. Atencio (President and CEO), who each have extensive experience and in-depth knowledge of the real estate business, particularly in the Mass Housing market, and span an aggregate of over 80 years in the industry. The three Principals believe that they have, between them, developed over 80 subdivisions and constructed over 70,000 housing units on an aggregate of over 850 hectares in major cities such as Cagayan de Oro, Cebu City, Davao City and Metro Manila. In addition, they have also developed, over the years, positive relationships with key market participants, including construction companies, regulatory agencies, local Government agencies and banks. Mr. Yu carries with him over 30 years of experience in the Mass Housing business. Mr. Martinez has over three decades of experience in the Mass Housing industry and was once the National President of the Subdivision and Housing Development Association ("SHDA"), the largest national organization of subdivision and housing developers in the Philippines with over 200 members. Mr. Atencio brings with him over two decades of experience in the development of Mass Housing projects across the country. Furthermore, he has also been the National President of the SHDA and currently serves on the Board of Governors of the SHDA and as a private sector representative to the Housing and Urban Development Coordinating Center, the highest policy making body for housing in the Government.



### **Key Strategies**

The Company's overall business strategy, and the key to its current and past success in the Mass Housing industry, is to deliver with speed and quality the right products (a DECA Homes house or Urban DECA Homes MRB unit) to its target customers, mainly comprising low to middle income earners able to afford a monthly amortization payment of approximately ₱2,800 (the estimated amortization for a ₱450,000 loan for a Socialized Housing unit with 6% annual interest rate for the first year and a 25-year amortization schedule) to ₱10,000 (the estimated amortization for a ₱1,250,000 loan with 8.5% annual interest rate and a 25-year amortization schedule) under the Company's in-house financing program, at the right price range (the estimated amortization for a ₱450,000 to ₱1.25 million per housing/condominium unit).

To further build on its competitive strengths and allow further expansion of its business, the Company is looking to undertake the following:

#### ***Increase existing coverage and expand geographically.***

The Company intends to further grow its existing Mass Housing revenue base. To accomplish this, the Company intends to (1) increase the number and variety of projects in the cities in which it currently has existing developments, as well as to (2) geographically expand into new cities. For example, the Company plans to bring to Metro Manila the Urban DECA Homes low-cost MRB concept that they were able to successfully launch and implement in the Mandaue City, Metro Cebu urban environment. The Company is also currently in the process of identifying sites for projects targeting Metro Manila commuters.

#### ***Continue to support Mass Housing home ownership via innovative financing products.***

The Company seeks to promote increased home ownership in the Mass Housing segment in part by continuing to develop financing products tailored to the specific needs, requirements and financial situation of Mass Housing customers. In particular, the Company intends to seek ways to improve on and further provide flexibility to its CTS Gold financing program, an innovative product developed using the Company's experience in the Mass Housing segment, which allows home buyers to move into their chosen homes after a low down payment and provides affordable monthly amortizations.

#### ***Continue to replenish land bank for development.***

The Company plans to continue to explore opportunities to replenish its land bank for future developments, selectively acquiring parcels and properties that meet its requirements for potential projects. The Company aims to seek out properties located in close proximity to public transportation terminals and major thorough-fares in cities, and also seeks to locate suitable project sites near developing business centers and high growth communities across the Philippines.

#### ***Continue to diversify into new product types.***

The Company plans to supplement its subdivision and MRB offerings by launching two high-rise condominium projects under the brand "Urban DECA Towers" in the highest density urban areas of Metro Manila. This concept involves the construction and sale of condominium units that are half the size (i.e. approximately 13 sq. m.) of typical studio apartments. This project is envisioned to provide a weekday lodging for low- to mid-income commuters who typically have to endure two to four hours of daily travel time and spend up to ₱5,000 each month in transportation costs traveling between their inner-city places of work and their homes in the outlying neighborhoods of Metro Manila. Key to the success of this concept is the up to ₱7,000 per month price point that works for the Company's low- to mid-income customers, coupled with the savings in transportation time and costs that would accrue to the condominium buyers.

***Attain increased efficiencies in all facets of its operations and processes.***

The Company will seek to improve its construction efficiencies in part by adding more mechanization and by standardizing the sizes of its building components. The Company will also seek to further improve collections by updating its customer qualification process and improving its delinquency remedial measures. In pursuing these items, the Company believes that it will be able to lower operating costs even further and improve its operational efficiency.

**The 8990 Group**

8990 Group is comprised of the parent, which is also the holding company, 8990 Holdings, Inc. and six (6) wholly-owned subsidiaries namely: [1] 8990 Housing Development Corporation (8990 Housing); [2] 8990 Luzon Housing Development Corporation (8990 Luzon); [3] 8990 Mindanao Housing Development Corporation (8990 Mindanao); [4] 8990 Davao Housing Development Corporation (8990 Davao); [5] 8990 Leisure and Resorts Corporation (8990 Leisure); and [6] Fog Horn, Inc. (Fog Horn)

8990 Holdings, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission (SEC), and was listed in Philippines Stock Exchange (PSE) on July 8, 2005 and October 20, 2010, respectively

***Subsidiaries***

The following table presents certain information regarding the Company's Subsidiaries as of December 31, 2015.

<u>Subsidiary</u>	<u>Country of incorporation</u>	<u>Total Assets</u>	<u>Company's Ownership Interest</u>	<u>Company's Share in Net Income/(Loss) for the year</u>
<i>(PhP in millions, except percentages)</i>				
8990 Housing.....	Philippines	22,346	100%	1,008
8990 Luzon .....	Philippines	6,020	100%	1,114
8990 Mindanao .....	Philippines	56	100%	(0.3)
8990 Davao .....	Philippines	1,490	100%	663
8990 Leisure .....	Philippines	15	100%	(0.2)
Fog Horn. ....	Philippines	5,163	100%	560

**8990 Housing**

Established in 2003, 8990 Housing is flagship subsidiary of the Company. Its primary purpose is to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartments and other structures. 8990 Housing registered with the Philippine SEC on March 20, 2003. Its principal office address is 8990 Bldg., Negros Street, Cebu Business Park, Cebu City.

**8990 Luzon**

8990 Luzon is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on October 28, 2008. 8990 Luzon engages in acquiring by purchase, lease, donation or otherwise, and own, using, improving, developing, subdividing, selling, mortgaging, exchanging, leasing and holding for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances. The registered principal office address of 8990 Luzon is 8990 Bldg., Negros Street, Cebu Business Park, Cebu City.

### **8990 Mindanao**

8990 Mindanao is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on September 17, 2009. 8990 Mindanao primarily engages in developing mass housing projects. Its registered principal office address is 8990 Corporation Center, Quirino Avenue, Davao City. 8990 Mindanao owns certain parcels of land used for the Company's development projects.

### **8990 Davao**

8990 Davao is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on September 17, 2009. 8990 Davao primarily engages in the mass housing development business. Its registered principal office address is 8990 Corporation Center, Quirino Avenue, Davao City. 8990 Davao owns certain parcels of land used for the Company's development projects.

### **8990 Leisure**

8990 Leisure is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on November 24, 2009. 8990 Leisure engages in acquiring, purchasing, holding, managing, developing and selling land with or without buildings or improvements for such consideration and in such manner or form as the company may determine of as the law permits, erecting, constructing, altering, managing, operating, leasing in whole or in part, buildings and tenements of the company or other persons, engages in real estate consultation and management including identifying, purchasing, conceptualizing, preparing master plans and layouts for land and building developments, managing the properties of and advising clients, developing or executing plans, undertaking project management and overseeing construction, except for management of funds, portfolios, securities and other similar assets. 8990 Leisure owns certain parcels of land used for the Company's development projects. 8990 Leisure's principal office address is 2nd Floor PGMC Bldg., 76 Calbayog St. corner Libertad St., Mandaluyong City.

### **Fog Horn**

Fog Horn is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on January 14, 2004. Fog Horn engages in acquiring by purchase, lease, donation or otherwise, and own, using, improving, developing, subdividing, selling, mortgaging, exchanging, leasing and holding for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances. Fog Horn's registered principal office address is located at the 3<sup>rd</sup> Floor PGMC Bldg., 76 Calbayog St. corner Libertad St., Mandaluyong City.

### **Bankruptcy, Receivership and Similar Proceedings**

To the best of its knowledge, the Company and its subsidiaries are not subject to any bankruptcy, receivership and/or similar proceedings.

**Material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.**

On May 15, 2012, IHoldings, Januarius, and Kwantlen purchased 79.5% of the outstanding capital stock of the Company from certain stockholders of the Company. In compliance with the Republic Act No. 8799, also known as the Securities Regulation Code of the Philippine (SRC) and the Implementing Rules and Regulation of the SRC, as amended, (IRRs), a tender offer for all other remaining shares of the Company was conducted, the terms and conditions of which were disclosed through the Tender Offer Report dated June 19, 2012. Following the lapse of the tender offer period on July 19, 2012, during which no stockholder tendered any shares, a Final Tender Offer Report dated August 2, 2012 was filed with the Philippine SEC.

On May 29, 2012, prior to the closing of the sale referred to above, the Company transferred all of its assets to IP Converge Data Services, Inc. (IPCDSI) and subsequently transferred all of its equity interest in IPCDSI to its parent company at the time, IP Ventures, Inc. (IPVI), and consequently became a shell company.

On July 25, 2012, pursuant to the sale transaction discussed in the immediately preceding paragraph, IPVI and IPVG Employees, Inc. (IEI) transferred a total of 136,400,000 shares of the Company to IHoldings, Januarius and Kwantlen through the facilities of the PSE. As a result, IHoldings, Januarius and Kwantlen acquired ownership, and control over 61.4% of the Company's total outstanding capital stock. The remaining 40,000,000 shares of the Company acquired pursuant to the sale were transferred through the PSE immediately upon the lapse of the lock up period applicable to said shares.

On May 6, 2013, the Company acquired all of the outstanding shares in the Subsidiaries from their respective shareholders under a Deed of Exchange dated May 6, 2013, as amended and supplemented on June 8, 2013 and, in exchange, agreed to issue a total of 3,968,357,534 shares from the increase of the Company's authorized capital stock in favor of the Subsidiaries' majority shareholders at the time. Consequently, under a private placement transaction and to ensure continued compliance with Philippine minimum public ownership requirements of the PSE, the Company applied with the Philippine SEC to: [1] increase its authorized capital stock to accommodate the foregoing issuance; [2] change the primary purpose of the Company into a financial holding company; and [3] change its corporate name to "8990 Holdings, Inc.". The Philippine SEC approved the application for the foregoing on October 1, 2013.

**Business of Issuer**

Business segments of the 8990 Group are as follows:

- Construction of low-cost mass housing
- Construction of medium-rise condominium units
- Construction of high-rise condominium units
- Hotel operations

***Construction of low-cost mass housing***

Under brand name DECA Homes, The Company's residential subdivisions are located in Cebu, Iloilo, Davao, Pampanga and Cavite. This is the main business segment of the 8990 Group with widest reach and highest revenue contribution. About eighty four percent (84%) of revenues in 2015 were from low-cost mass housing business segments. Refer to Note 21 of the 2015 Audited Consolidated Financial Statements for details.

The Company constructs three (3) types of housing unit namely:

1. Single-storey detached – a residential unit which is situated on its own or in a separate lot without sharing any walls with another home or building
2. Single-storey attached – a single floor residential unit built in a row of four (4) or more units joined by a common side walls

3. Townhouse – a two-storey residential unit built in a row of four (4) or more units joined by a common side walls

Floor areas range from thirty five (35) square meters to one hundred twenty (120) square meters with corresponding unit price range of four hundred fifty thousand pesos (PhP450,000) to one million two hundred fifty thousand pesos (PhP1,250,000). Facilities include concrete roads, underground drainage system, centralized water system, power system, cable and telephone lines, gated entrance with security personnel, and perimeter fence. Amenities may include Wakeboard Park, swimming pool, basketball court, clubhouse/multipurpose hall, church, and commercial market.

#### ***Construction of medium-rise condominium units***

The Company's medium-rise building (MRB), building with four (4) to five (5) storeys, is marketed under Urban DECA Homes brand, and with revenue contribution of about fifteen percent (15%) in 2015. The first MRB project, is located in Mandaue City, Cebu, the Company recently opened its first MRB in Metro Manila in Sucat, Muntinlupa and there are other MRB projects to be launched in NCR in the pipeline. Each MRB unit has a floor area of twenty five (25) square meters with unit price between eight hundred thousand pesos (PhP800,000) to one million two hundred fifty pesos (PhP1,250,000).

MRB facilities are concrete roads, sidewalks with curbs and gutters, underground drainage system, centralized water system, power system, cable and telephone lines, gated entrance with security personnel, and perimeter fence. On-site leisure amenities may include swimming pool, basketball court, clubhouse/multipurpose hall and/or park.

#### ***Construction of high-rise condominium units***

The Company has ventured into high-rise condominium projects under the brand Urban DECA Towers in the highest density urban areas of Metro Manila. This concept involves the construction and sale of condominium units that are half the size (approximately 13 sq. m.) of typical studio apartments. A unit would have a bathroom and a combination sleeping/living/dining area suited for occupancy by a single person or a couple. Each unit would cost around ₱875,000, which equates to initial monthly amortization payments of around ₱7,000 under the Company's CTS financing product (with typical 25-year term, 9.5% annual interest rate subject to adjustment after fifth year). The lower floors of the building would contain common areas (i.e. gym, living-room style lobby, function rooms, etc.) and commercial shopping/dining areas. The buildings are intended be situated in dense urban neighborhoods with easy access to major transportation routes/facilities and within easy distance of major white-collar employment centers (i.e., central business districts).

Making use of the "Micro Living" concept, Urban DECA Towers is envisioned to provide weekday accommodation for low- to mid-income commuters who typically have a two- to four-hour daily commute and spend up to ₱5,000 each month in transportation costs traveling between their places of work and homes in the outlying neighborhoods of Metro Manila. Key to the success of this concept is the ₱7,000 per month or lower amortization price point that has proven to work with the Company's low- to mid-income customers, coupled with the savings in transportation time and costs that would accrue to the condominium unit buyers.

#### ***Hotel operation***

The Company, being the owner of the unsold timeshares, used their right to occupy the unsold timeshares in Azalea Residences Baguio by operating as traditional hotel. Hotel services include room accommodation, banquet and events services, and restaurant operations. In 2014, hotel operation contributed more than 1% of total revenues. Sixty seven percent (67%) of hotel revenues are from hotel accommodations while

the remaining thirty three (33%) came from food and beverages sales. Hotel operation of the 8990 Group is a Board of Investments (BOI)-registered activity

### Summary of Projects

The tables below summarize the status of the various completed and ongoing projects the Company has under its various Subsidiaries as of December 31, 2015:

#### List of Projects<sup>(1)</sup>

Project Name	Location	Type	Date Started	Date Completed	Units	
					Available for Sale	Units Sold
<b>8990 Housing</b>						
<b>Completed:</b>						
DECA Homes Danao 2 & 3 .....	Cebu	Horizontal	2006	2009	322	322
DECA Homes Mactan 1 .....	Cebu	Horizontal	2005	2008	679	679
DECA Homes Mactan 2 .....	Cebu	Horizontal	2006	2009	162	162
DECA Homes Mactan 3 .....	Cebu	Horizontal	2008	2011	473	473
DECA Homes Mactan 4 .....	Cebu	Horizontal	2009	2013	1,249	1,249
DECA Homes Mactan 5 .....	Cebu	Horizontal	2009	2013	1,200	1,200
DECA Homes Tunghaan .....	Cebu	Horizontal	2005	2009	382	382
DECA Homes Minglanilla .....	Cebu	Horizontal	2003	2010	2,471	2,471
DECA Homes Commercial .....	Cebu	Horizontal	2005	2009	26	26
Minglanilla Homes .....	Cebu	Horizontal	2010	2012	187	187
DECA Homes Davao .....	Davao	Horizontal	2006	2012	1,538	1,538
DECA Homes Talisay 1 .....	Cebu	Horizontal	2011	2012	1,039	1,039
DECA Homes Pavia 1 .....	Iloilo	Horizontal	2009	2013	976	976
Savannah Green Plains .....	Angeles	Horizontal	2006	2013	2,697	2,697
DECA Homes Mandaue Prime .....	Cebu	Horizontal	2008	2013	912	912
Bon Giorno .....	Lipa	Horizontal	2010	2012	374	374
<b>Completed Projects Subtotal .....</b>					<b>14,687</b>	<b>14,687</b>
<b>Ongoing:</b>						
DECA Homes Baywalk Talisay 2 .....	Cebu	Horizontal	2013	ongoing	881	420
DECA Homes Esperanza .....	Davao	Horizontal	2009	ongoing	2,072	2,028
DECA Homes Resort Residences .....	Davao	Horizontal	2007	ongoing	6,798	5,962
DECA Homes Pavia 2 .....	Iloilo	Horizontal	2013	ongoing	884	295
<b>Ongoing Projects Subtotal .....</b>					<b>10,635</b>	<b>8,705</b>
<b>8990 Housing Total .....</b>					<b>25,322</b>	<b>23,392</b>
<b>Fog Horn</b>						
<b>Ongoing:</b>						
Urban DECA Homes Tipolo <sup>(2)</sup> .....	Cebu	MRB	2012	ongoing	1,540	684
<b>8990 Luzon</b>						
<b>Ongoing:</b>						
DECA Clark Resort Residences .....	Angeles	Horizontal	2012	ongoing	4,843	840
Bella Vista .....	Cavite	Horizontal	2013	ongoing	3,881	1,033
<b>8990 Luzon Total .....</b>					<b>8,724</b>	<b>1,873</b>
<b>8990 Davao</b>						
<b>Ongoing:</b>						
DECA Homes Indangan .....	Davao	Horizontal	2013	ongoing	3,428	297 <sup>(3)</sup>
<b>8990 Davao Total .....</b>					<b>3,428</b>	<b>297<sup>(3)</sup></b>

Total Houses and Lots.....

39,014

26,246

Notes:

- (1) 8990 Mindanao and 8990 Leisure have been excluded from this table because they are not yet in operation.  
 (2) Comprises 16 total MRBs, of which nine have been completed as of December 31, 2013.  
 (3) As of March 15, 2014.

Pipeline Projects

	Project	Location	Type	Start Date	Target Completion
<b>LUZON</b>					
1	Deca Homes Marilao	Imus, Cavite	Horizontal	2016	2015
2	Urban Deca Tower Edsa	Edsa, Mandaluyong	High Rise	2014	2016
3	Urban Deca Homes Campville Muntinlupa	Bigy. Cupang Muntinlupa	MRB	2014	2016
4	Deca Homes Tanza	Tanza, Cavite	Socialized	2015	2015
<b>VISAYAS</b>					
5	Deca Homes Our Lady of Guadalupe	Guadalupe, Cebu	Economic	2014	2015
6	Urban Deca Homes Tisa	Tisa, Cebu	MRB	2014	2018
7	Deca Homes Pavia Resort Residences Ph 1	Pavia, Iloilo	Economic	2014	2019
<b>MINDANAO</b>					
8	Deca Homes Resort Residences Phase 11	Brgy Tugbok, Davao	Economic	2015	2015
9	Deca Homes Resort Residences Prime	Brgy Tugbok, Davao	Economic	2015	2015
10	Deca Homes Catalunan Grande	Catalunan Grande, Davao City	Economic	2015	2016
11	Deca Homes Indangan Ph 3 & 4	Indangan, Davao City	Economic	2015	2017

**In-house Financing**

The Company offers in-house financing to qualified borrowers who purchase housing units through its CTS Gold loan financing product. CTS Gold is divided in two (2) categories, namely:

- CTS Gold Convertible – CTS Gold Convertible carries a fixed rate of eight and a half percent (8.5%) per annum and is intended for PAG-IBIG take-up. The eight and a half percent (8.5%) per annum interest rate is fixed for the first four (4) years and is subject to re-pricing at the end of fourth year, with the increase not to exceed three percent (3%) per annum. The interest rate re-pricing shall be subject to review thereafter, taking into account factors such as inflation and the prevailing market rates. In the event that PAG-IBIG take-up does not happen at the end of the fourth year, the interest rate under the CTS Gold Convertible automatically increases to eleven and a half percent (11.5%) per annum until maturity. The terms of CTS Gold Convertible generally match PAG-IBIG requirements for similar loans.
- CTS Gold Straight – Under the CTS Gold Straight product, interest rate is eleven and a half percent (11.5%) per annum and is not intended for PAG-IBIG take-up.