SECURITIES AND EXCHANGE COMMISSION
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. Name of Registrant as specified in its charter **8990 HOLDINGS, INC.**

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

4. SEC Identification Number **CS200511816**

5. BIR Tax Identification Code **239-508-223-000**

6. **11th Floor, Liberty Center, 104 HV Dela Costa, Salcedo Village, Makati City, 1200 Philippines**
   Address of principal office and postal code

7. Registrant's telephone number, including area code **(632) 8478-9659**

8. **31 July 2023, 11:00 am to be conducted by remote communication. The Chairman and Chairman Emeritus will conduct the online meeting from the principal place of business of the Company at the 11th Floor, Liberty Center, 104 HV Dela Costa, Salcedo Village, Makati City. The Corporate Secretary will likewise participate in the online meeting from Makati City.**
   Date, time and place of the meeting of security holders

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

10. 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 Shares	5,391,399,020
Series B Preferred Shares	36,871,000
Corporate Bonds Series A, B, and C	9,000,000,000.00

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

    Yes

    The Registrant's common and preferred shares are listed on the Philippine Stock Exchange.
    The Registrant's Corporate Bonds Series A, B, and C are listed on the Philippine Dealing Exchange.

WE ARE NOT ASKING YOU FOR A PROXY.
YOU ARE NOT BEING REQUESTED TO SEND US A PROXY.

A copy of this Information Statement may be accessed through the Corporation's website: http://8990holdings.com/

8990 HOLDINGS, INC.
11th Floor, Liberty Center
104 HV Dela Costa Street, Salcedo Village, Makati City

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Please be advised that the Annual Meeting of the stockholders of **8990 HOLDINGS, INC.** (the "**Company**") for the year 2023 will be conducted online on **31 July 2023** at **11:00 a.m.** Stockholders who wish to participate in the proceedings may do so by signing on at the following URL address: https://registration.8990holdings.com.

The Chairman and Chairman Emeritus will conduct the online meeting from the principal place of business of the Company at the 11th Floor, Liberty Center, 104 HV Dela Costa, Salcedo Village, Makati City. The Corporate Secretary will likewise participate in the online meeting from Makati City.

The following shall be the agenda of the meeting:

1. Call to Order

2. Certification of Notice and Quorum

3. Approval of the minutes of the last stockholders' meeting held on 25 July 2022;

4. Presentation and Adoption of the President's Report and Annual Report and Approval of the Audited Financial Statements for the year 2022;

5. Ratification of all acts of the Board of Directors and Management since the last annual stockholders' meeting held on 25 July 2022;

6. Election of the Directors (including the Independent Directors) of the Company for the ensuing fiscal year;

7. Appointment of the external auditor of the Company for the fiscal year 2023; and

8. Adjournment

The Minutes of the 2022 Annual Meeting of Stockholders is available at the website of the Company, www.8990holdings.com, and will be appended to the Information Statement that will be distributed or disseminated to all stockholders as of the record date.

The Board of Directors has set the 03 July 2023, as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Stockholders' Meeting.

Given the current circumstances and in order to ensure the safety and welfare of our stockholders in light of the COVID-19 situation, the Company will dispense with the physical attendance of stockholders at the meeting. Consequently, attendance will only be by remote communication, with voting being accomplished *in absentia* through the Company's online voting system at https://registration.8990holdings.com or through the Chairman of the meeting, as proxy. In compliance with Section 15 of MC 6, series 2020, the Chairman who is the presiding officer of the meeting shall call the meeting in Makati City, the city where the principal office of the Company is located.

Stockholders intending to participate by remote communication should pre-register with the Company via HOUSE's Electronic Registration and Online-voting (HERO) System at URL address: https://registration.8990holdings.com during the given registration period and in any case, no later than 27 July 2023.

Following such pre-registration and subject to validation procedures, stockholders may vote either electronically via the HERO System, no later than 31 July 2023 or submit duly accomplished proxies on or before 27 July 2023 to the Office of the Corporate Secretary at Picazo Buyco Tan Fider & Santos Law Office, Penthouse, Liberty Center, 104 H.V. Dela Costa Street, Salcedo Village, Makati City and/or by email to cpalmagil@picazolaw.com or molizarondo@picazolaw.com. Validation of proxies is set on 28 July 2023 at 2:00 p.m.

The detailed rules and procedures for participating in the meeting through remote communication and for casting their votes in absentia are set forth in Annex "A" to the Information Statement.

Very truly yours,

CRISTINA S. PALMA GIL-FERNANDEZ

AGENDA DETAILS AND RATIONALE

1. Call to Order

The Chairman of the Board of Directors, Mr. Mariano D. Martinez, will call the meeting to order.

2. Certification of Notice and Quorum

The Corporate Secretary, Atty. Cristina S. Palma Gil-Fernandez will certify that copies of the Notice of Meeting have been duly published in the business section of two (2) newspapers of general circulation, and will certify the number of shares represented in the meeting, for the purpose of determining the existence of quorum to validly transact business.

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, the Corporation has set up a designated web address which may be accessed by the stockholders to participate and vote in absentia on the agenda items presented for resolution at the meeting. A stockholder who votes in absentia or who participates by remote communication shall be deemed present for purposes of quorum.

The following are the rules and procedures for the conduct of the meeting:

(i) Stockholders may attend the meeting remotely through HOUSE's Electronic Registration and Online-voting (HERO) System (the "HERO System"). Stockholders may send their questions or comments prior to the meeting by e-mail at corpcommunication@8990holdings.com. The HERO System shall include a mechanism by which questions may be posted live during the meeting. The Company will endeavor to answer all questions submitted prior to and in the course of the meeting, or separately through the Company's Investor Relations Office.

(ii) Each of the Agenda items which will be presented for resolution will be shown on the screen during the live streaming as the same is taken up at the meeting.

(iii) Stockholders must notify the Company of their intention to participate in the meeting by remote communication to be included in determining quorum, together with the stockholders who voted in absentia and by proxy.

(iv) Voting shall only be allowed for stockholders registered in the HERO System at https://registration.8990holdings.com or through the Chairman of the meeting as proxy.

(v) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock represented at the meeting.

(vi) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.

(vii) The Company's stock transfer agent and Corporate Secretary will tabulate and validate all votes received.

3. Approval of the minutes of the last stockholders' meeting held on 25 July 2022

The minutes of the last Annual Meeting of Stockholders held on 25 July 2022 will be presented for approval by the stockholders, in keeping with Section 49 (a) of the Revised Corporation Code. A copy of such minutes has been uploaded on the Company's website and will also be distributed to the stockholders prior to the meeting.

4. Presentation and Adoption of the President's Report and Annual Report and Approval of the Audited Financial Statements for the year 2022

The President's Report and the Annual Report of the Company for the year 2022 and the audited financial statements of the Company for the year ended 31 December 2022 (a copy of which is attached to this Information Statement) will be presented for the information, understanding, and approval of the stockholders. The President's Report and Annual Report for 2022 will provide context and details on the financial performance and results of operations of the Company for 2022. This report and presentation are in line with the Company's thrust to observe and abide by the best corporate governance practices. It will allow stockholders to understand the financial condition of the Company and they will be given the opportunity to propound questions to management on matters relating to the performance of the Company.

The comments and feedback from the stockholders and their approval or disapproval of these reports and the financial statements will provide guidance to the Board of Directors in the management of the business of the Company.

5. Ratification of all acts of the Board of Directors and Management since the last annual stockholders' meeting held on 25 July 2022

The ratification of all acts and resolutions of the Board of Directors and all the acts of management taken or adopted in 2022 will be sought from the stockholders during the meeting. A brief summary of these resolutions and actions are set forth in the Information Statement and the President's Report and the Annual Report for 2022, and relevant disclosures of the Company. Copies of the minutes of meetings of the Board of Directors are available for inspection by any stockholder at the principal office of the Company during business hours.

The ratification of the acts and resolutions of the Board and management will also serve as an avenue for the stockholders to better understand how the Board manages the business and operations of the Company. The ratification will also serve as confirmation by the stockholders that they approve of the manner by which the Board and management of the Company have been running its business and affairs.

6. Election of the Directors (including the Independent Directors) of the Company for the ensuing fiscal year;

The Corporate Secretary will present the names of the persons who have qualified and have been duly nominated for election as directors and independent directors of the Company consistent with the Company's By-Laws and Manual on Corporate Governance and other applicable laws and regulations.

The election of the members of the Board of Directors allows the stockholders to directly participate in the selection of the individuals who will serve in the Board which exercises the corporate powers of the Company.

The procedure for voting by remote communication, in absentia or by proxy, including cumulative voting, is provided in this Information Statement.

7. Appointment of the external auditor of the Company for Fiscal Year 2023

The Audit and Risk Management Committee is endorsing to the stockholders the re-appointment of Ramon F. Garcia & Company, CPAs (Crowe Philippines) as the external auditor of the Company for the fiscal year 2023.

The approval by the stockholders of the appointment of the external auditor provides an assurance that they remain independent from management and are capable of undertaking their purpose as such external auditor of the Company. Representatives of Ramon F. Garcia & Company, CPAs (Crowe Philippines) are expected to be present at the stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

8. Other business that may properly be brought before the meeting.

Stockholders may be requested to consider such other issues/matters as may be raised throughout the course of the meeting.

9. Adjournment.

After all business has been considered and resolved, the Chairman shall declare the meeting adjourned.

Stockholders who will not, are unable, or do not expect to attend the meeting in person but would like to be represented thereat may choose to execute and send a proxy form to the Office of the Corporate Secretary (Atty. Cristina S. Palma Gil-Fernandez) at Picazo Buyco Tan Fider & Santos Law Office, Penthouse, Liberty Center, 104 H.V. Dela Costa Street, Salcedo Village, Makati City, on or before <u>27 July 2023</u>. A sample proxy form is provided below. Stockholders may likewise email a copy of the accomplished proxy form to cpalmagil@picazolaw.com.

PROXY

The undersigned stockholder of **8990 HOLDINGS, INC.** (the "Company") hereby appoints the Chairman of the meeting, as attorney-in-fact or proxy, with power of substitution, to represent and vote ______________ shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Stockholders' Meeting of the Company to be held on 31 July 2023 (Monday) at 11:00 a.m., to be conducted online, and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of the Minutes of the Annual Stockholders' Meeting held on 25 July 2022
❑ For ❑ Against ❑ Abstain

2. Notation of the President's Report and Approval of the 2022 Audited Financial Statements
❑ For ❑ Against ❑ Abstain

3. Ratification of all acts of the Board of Directors and Management since the last Annual Stockholders' Meeting held on 25 July 2022

❑ For ❑ Against ❑ Abstain

4. Election of Directors for the ensuing year (Please indicate number of votes)

	FOR	AGAINST	ABSTAIN
1. Mariano D. Martinez			
2. Anthony Vincent Sotto			
3. Luis N. Yu, Jr.			
4. Roan Buenaventura-Torregaza			
5. Raul Fortunato R. Rocha			
6. Ian Norman E. Dato			
7. Luis Michael R. Yu			
8. Manuel S. Delfin, Jr.			
9. Margarita B. Martinez			
10. Manuel C. Crisostomo			
11. Arlene C. Keh			
12. Vittorio Paolo Lim (ID)			
13. Maria Paz I. Diokno (ID)			

5. Appointment of External Auditors for 2023
❑ For ❑ Against ❑ Abstain

6. Other Matters
❑ For ❑ Against ❑ Abstain

Printed Name of the Stockholder **Signature of Stockholder/ Authorized Signatory** **Date**

WE ARE NOT ASKING OR SOLICITING YOU FOR A PROXY.

Instructions

This proxy should be received by the Corporate Secretary on or before 27 July 2023, the deadline for submission of proxies.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy will also considered revoked if the stockholder attends the meeting in person and expresses his intention to vote in person.

Notarization of this proxy is not required.

WE ARE NOT ASKING YOU FOR A PROXY.
YOU ARE NOT BEING REQUESTED TO SEND US A PROXY.

A. GENERAL INFORMATION

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

The Annual Meeting of the stockholders of 8990 HOLDINGS, INC. (the "**Company**") will be held on **31 July 2023, Monday, 11:00 a.m., to be conducted via remote communication**.

The Chairman and Chairman Emeritus will conduct the online meeting from the principal place of business of the Company at the 11th Floor, Liberty Center, 104 HV Dela Costa, Salcedo Village, Makati City. The Corporate Secretary will likewise participate in the online meeting from Makati City.

This Information Statement will be first sent or given to security holders (by posting on PSE Edge and the Company's website) on or around 9 July 2023.

Item 2. Dissenters' Right of Appraisal

Under Sections 41 and 80 of the Revised Corporation Code, the following are the instances when a stockholder may exercise his appraisal right:

1. In case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in this Code;

3. In case of merger or consolidation; and

4. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

In order that a dissenting stockholder may exercise his appraisal right, such dissenting stockholder must have voted against the proposed corporate action at the annual meeting. Within thirty (30) days after the date of the annual meeting at which meeting such stockholder voted against the corporate action, the dissenting stockholder shall make a written demand on the Company for the fair value of his shares which shall be agreed upon by the dissenting stockholder and the Company. If the proposed corporate action is implemented, the Company shall pay the dissenting stockholder upon surrendering the certificates of stock representing his shares, the fair value of said shares on the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. If the dissenting stockholder and the Company cannot agree on the fair value of the shares within sixty (60) days from the date of stockholders' approval of the corporate action, then the determination of the fair value of the shares shall be determined by three (3) disinterested persons, one (1) of whom shall be named by the dissenting stockholder, one (1) by the Company and a third to be named by the two (2) already chosen. The findings of the majority of the appraisers shall be final and their award shall be paid by the Company within thirty (30) days after such award is made. The procedure to be followed in exercising the appraisal right shall be in accordance with Sections 80 to 85 of the Revised Corporation Code.

There are no matters that would give rise to the exercise of appraisal right.

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

None of the officers, directors, nominees, or any of their associates has any substantial interest, direct or indirect, in any of the matters to be acted upon in the stockholders' meeting. None of the directors of the Company has informed the Company that he intends to oppose any action to be taken by the Company at the stockholders' meeting.

CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of 31 May 2023, the Company's total outstanding shares entitled to vote consist of **5,391,399,020** common shares, with each share entitled to one (1) vote. As of 31 May 2023, a total of **9,149,631** common shares or 0.17% of the outstanding capital stock of the Company are owned by foreigners.

The record date for the purpose of determining the stockholders entitled to vote is 3 July 2023.

Stockholders entitled to vote are also entitled to cumulative voting in the election of directors. Section 23 of the Revised Corporation Code provides, in part, that: *"….in stock corporations, stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the corporation at the time fixed in the bylaws or where the bylaws are silent, at the time of the election. The said stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit…"…."*

For this year's meeting, the Board of Directors had adopted a resolution to allow stockholders entitled to notice of, and to attend the meeting, to exercise their right to vote *in absentia.*

The Company has 36 stockholders of record as of 31 May 2023. The following are the list of the top twenty (20) stockholders of the Company as of 31 May 2023:

Rank	Name of stockholder	Nature of shares	Number of shares	Percentage
1	IHOLDINGS, INC.	Common	2,524,367,002	45.75%
2	PCD NOMINEE CORPORATION (FILIPINO)	Common	1,459,903,584	26.46%
3	KWANTLEN DEVELOPMENT CORPORATION	Common	926,325,018	16.79%
4	LUIS N. YU, JR.	Common	258,099,322	04.68%
5	MARIANO D. MARTINEZ	Common	168,916,767	03.06%
6	UNIDO CAPITAL HOLDINGS INC.	Common	160,549,600	02.91%
7	PCD NOMINEE CORPORATION (NON-FILIPINO)	Common	9,149,430	00.17%
8	HILDA L. UY	Common	5,000,000	00.09%
9	MARIA LINDA BENARES MARTINEZ	Common	2,000,000	00.04%
10	DANIELLA MARIE ISABELLE DE LUNA UY	Common	1,000,000	00.02%
11	GIANNINA MARIE CLAIRE DE LUNA UY	Common	1,000,000	00.02%
12	JULIANNA MARIE ANGELINE DE LUNA UY	Common	1,000,000	00.02%
13	ANTHOLIN TAN MUNTUERTO	Common	300,000	00.01%
14	MARK WERNER JUECO ROSAL	Common	200,000	00.00%
15	NICOLAS CATALYA DIVINAGRACIA	Common	100,000	00.00%

16	MA. CHRISTMAS RENIVA NOLASCO	Common	11,500	00.00%
17	IAN NORMAN E. DATO	Common	5,001	00.00%
18	HECTOR ABLANG SANVICTORES	Common	2,000	00.00%
19	STEPHEN G. SOLIVEN	Common	1,500	00.00%
20	JESUS SAN LUIS VALENCIA	Common	300	00.00%
TOTAL ISSUED AND OUTSTANDING			5,517,931,024	**100%**

Security Ownership of Record and Beneficial Owners of at least 5% of the Company's Securities as of the Record Date

The following are the owners of record of more than five percent (5%) of the Company's outstanding shares of stock, the number of shares owned and percentage of shareholdings of each of them, as of 31 May 2023:

Title of Class	Name and Addressof Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% of Total Outstanding Shares
Common	IHoldings, Inc. Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner is the beneficial owner of the shares indicated. Lowell L. Yu is expected to vote the shares of Iholdings, Inc.	Filipino	2,524,367,002 (Direct) 110 (Indirect)	46.82%
Common	Kwantlen Development Corporation Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner is the beneficial owner of the shares indicated. Mariano D. Martinez, is expected to vote the shares of Kwantlen Development Corporation	Filipino	926,325,018 (direct) 783,777,805 (indirect)	31.72%
Common	PCD Nominee Corporation*	Public ownership	Filipino	1,459,903,584 (Direct)	26.46%

*PCD Nominee Corporation is the registered owner of shares beneficially owned by participants in the Philippine Central Depositary, Inc. (PCD), a private company organized to implement an automated book entry system of handling securities transactions in the Philippines. Under the PCD procedures, when an issuer of a PCD-eligible issue will hold a stockholders' meeting, the PCD shall execute a pro-forma proxy in favor of its participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients.

Other than the abovementioned, the Company has no knowledge of any person who, as of the record date, was directly or indirectly the beneficial owner of, or who has voting power or investment power (pursuant to a voting trust or other similar agreement) with respect to, shares comprising more than five percent (5%) of the Company's outstanding common shares of stock.

Security Ownership of Management as of the Record Date

The following are the number of common shares of stock owned of record and beneficially by the directors and corporate officers of the Company, and the percentage of shareholdings of each, as of 31 May 2023:

		Amount and Nature of Beneficial Ownership				
Title of Class	**Name of the Beneficial Owner**	**Direct**	**Indirect**	**Total**	**Citizenship**	**% to Total Outstanding Shares**
Common	Mariano D. Martinez	168,916,767	1,979,200	170,895,967	Filipino	3.17
Common	Luis N. Yu, Jr.	258,099,322	0	258,099,322	Filipino	4.79
Common	Richard L. Haosen	1	20,000	20,001	Filipino	-
Common	Raul Fortunado R. Rocha	101	500,000	500,101	Filipino	0.01
Common	Manuel C. Crisostomo	100	0	100	Filipino	-
Common	Arlene C. Keh	1	0	1	Filipino	-
Common	Ian Norman E. Dato	5,001	0	5,001	Filipino	-
Common	Manuel L. Delfin, Jr.	1	0	1	Filipino	-
Common	Anthony Vincent Sotto	1	5,000,000	5,000,001	Filipino	0.09
Common	Lowell L. Yu	1	0	1	Filipino	-
Common	Roan Buenaventura-Torregoza	5,000,000[1]	1,500	5,001,500	Filipino	0.09
Common	Alexander Ace Sotto	100	5,000,000	5,000,100	Filipino	0.09
Common	Cristina S. Palma Gil-Fernandez	0	0	0	Filipino	-
Common	Maureen O. Lizarondo-Medina	0	0	0	Filipino	-
Common	Teresa S. Secuya	0	0	0	Filipino	-
Common	Patricia Victoria G. Ilagan	0	0	0	Filipino	-
		432,021,396	12,500,700	444,522,096		8.24

[1] These shares are lodged through PCD Nominee Corporation.

As of 31 May 2023, the foreign ownership level of 8990 Holdings, Inc. is as follows:

Security Type	Stock Symbol (PSE)	Number of Foreign-Owned Shares	Number of Local-Owned Shares	Number of Outstanding Voting Shares	Foreign Ownership (in%)
Common (voting)	HOUSE	9,149,631	5,382,249,389	5,391,399,020	0.17%
Preferred (non-voting)	8990B	570,110	36,300,890	36,871,000	1.55%

Changes in Control

The Company is not aware of any voting trust agreements or any other similar agreements which may result in a change in control of the Company.

There has been no change in control of the Company since the beginning of the last fiscal year.

Item 5. Directors and Executive Officers

Term of Office

Directors shall hold office for a period of one (1) year until their successors shall have been elected and qualified during the succeeding annual meeting of the stockholders, except in case of death, resignation, disqualification or removal from office. The term of office of the officers is coterminous with that of the Directors that elected or appointed them unless such officers are sooner removed for cause.

Background Information

Directors

The following are the names, ages, citizenship and periods of service of the directors/independent directors of the Company who have been nominated for election at the Annual Meeting:

Incumbent Directors

Name .	Age	Nationality	Position	Current Term[2]	Period during which individual has served as such
Mariano D. Martinez	68	Filipino	Chairman of the Board	2022 to 2023	Since 2012

2 The "Current Term" commenced since election by the Stockholders in the last Annual General Meeting held on 25 July 2022. The aforementioned directors continue to serve until their successors are elected and are qualified.

Luis N. Yu, Jr.	67	Filipino	Chairman Emeritus	2022 to 2023	Since 2012
Manuel C. Crisostomo	68	Filipino	Director	2022 to 2023	Since 2016
Arlene C. Keh	55	Filipino	Director	2022 to 2023	Since 2012
Manuel S. Delfin, Jr.	62	Filipino	Director	2022 to 2023	Since 2012
Raul Fortunato R. Rocha	69	Filipino	Director	2022 to 2023	Since 2012
Ian Norman E. Dato	44	Filipino	Director	2022 to 2023	Since 2012
Anthony Vincent Sotto	47	Filipino	Director, President and CEO	2022 to 2023	Since 2021
Roan B. Torregoza	37	Filipino	Director, CFO	2022 to 2023	Since 2020
Richard L. Haosen	60	Filipino	Director, Treasurer, and Head of Treasury	2021 to 2022	Since 2012
Lowell L. Yu	46	Filipino	Director	2021 to 2022	Since 2012

<u>New Nominees</u>

Luis Michael R. Yu	34	Filipino	Director	-	-
Margarita B. Martinez	32	Filipino	Director	-	-
Maria Paz I. Diokno	71	Filipino	Independent Director	-	-
Vittorio Paolo Lim	38	Filipino	Independent Director	-	-

<u>Officers</u>

The following are the names, ages, positions, citizenship and periods of service of the incumbent officers of the Company:

Name	Age	Nationality	Position
Mariano D. Martinez	68	Filipino	Chairman of the Board

Anthony Vincent Sotto	47	Filipino	President and CEO
Alexander Ace Sotto	42	Filipino	Chief Operating Officer
Roan B. Torregoza	37	Filipino	Chief Financial Officer
Richard L. Haosen	60	Filipino	Treasurer and Head of Treasury
Teresa C. Secuya	61	Filipino	Compliance Officer
Cristina S. Palma Gil-Fernandez	54	Filipino	Corporate Secretary
Maureen O.Lizarondo-Medina	36	Filipino	Asst. Corporate Secretary
Patricia Victoria G. Ilagan	46	Filipino	Investor Relations Officer

Business Experience and Other Directorships

Directors

The business experience of each of the nominees for director and the officers of the Company for the last five (5) years is as follows:

Mariano D. Martinez
Chairman of the Board

Mr. Martinez assumed chairmanship of the Company in September 2012. He is the President and CEO of Ceres Homes, Inc. (2002 to present). He is also the President of Kwantlen Development Corporation (2010 to present). Mr. Martinez had previously held the position of President for Happy Well Management & Collection Services Inc. (2008), BP Waterworks Incorporated (1997), 8990 Luzon Housing Development Corporation (until 2011) and Fog Horn, Inc. (until 2011). He is currently a Board Advisor to the SHDA, the largest industry organization for real estate developers in the Philippines. He held the positions of Chairman (2001-2002) and President (1999-2001) for the SHDA. Mr. Martinez holds a Bachelor of Science in Business Management degree from De La Salle College (1976). Mr. Martinez has more than 30 years of experience managing and heading companies engaged in Mass Housing subdivision development.

Luis N. Yu, Jr.
Chairman Emeritus and Director

Mr. Yu became a director of the Company in July 2012. Mr. Yu is the Founder and Chairman Emeritus of the Company. Mr. Yu is also the Chairman Emeritus of IHoldings, Inc. (2012 to present). He is also the Chairman of 8990 Cebu Housing Development Corporation, 8990 Visayas Housing Development Corporation, 8990 Davao Housing Development Corporation, 8990 Mindanao Housing Development Corporation, 8990 Iloilo Housing Development Corporation and 8990 Luzon Housing Development Corporation (2009 to present), 8990 Housing Development Corporation (2006 to present), Ceres Homes, Inc. (2002 to present), N&S Homes, Inc. (1998 to present), L&D Realty Holdings, Inc. (1998 to present), and Fog Horn (1994 to present). Mr. Yu is currently the President of DECA Housing Corporation (1995 to present). Mr. Yu holds a Master in Business Management degree from the Asian Institute of Management. Mr. Yu has more than 30 years of experience managing and heading companies engaged in Mass Housing subdivision development.

Richard L. Haosen
Director, Treasurer, and Head of Treasury

Mr. Richard L. Haosen, assumed the position of Treasurer of the Company in 2010. Mr. Haosen is also currently serving as the General Manager of 8990 Housing. Before joining the Company in 2010, he served as the Vice President/Division Head of the Business Lending Division – Cebu and the Business Lending Group – Visayas/Mindanao of Metropolitan Bank and Trust Company (MBTC) from 2006 to 2010. He also served as Unit Head of MBTC Cebu Account Management Unit from 2005 to 2006, and as Account Officer of MBTC Cebu Downtown Center Branch from 1994 to 2005. Mr. Haosen obtained his license as a Certified Public Accountant in 1982. He also has a degree in B.S. Commerce, major in Accounting from the Ateneo de Davao University (1982).

Lowell L. Yu
Director

Mr. Y is currently the President of iHoldings Inc. He also holds chairmanship positions at 77 Living Spaces, Inc, Grand Majestic Convention City Corp., 101 Restaurant City, Inc., iKitchen Inc., MyMarket, Inc. and Govago, Inc. He is also a founding partner of Dato and Yu Law offices. He previously worked as an AVP of Business Development of Earth+Style/Quantuvis Resources. Atty. Yu Holds Masters in Management from the Asian Institute of Management and a Bachelor of Laws from Siliman University.

Manuel C. Crisostomo
Director

Mr. Crisostomo was Senior Vice President and CEO of the Home Development Mutual Fund (HDMF) from 2001 to 2002, capping a government career spanning various positions for 25 years. He was the President and CEO of Firm Builders Realty Development Corporation from 2005 to 2013 and served as National President and Chairman of SHDA from 2010 to 2011. Mr. Crisostomo has a BS Industrial Engineering degree from the University of the Philippines and passed the Career Executive Service Officer of the Civil Service Commission.

Arlene C. Keh
Director

Ms. Keh became an independent director of the Company in August 2012. Ms. Keh holds the position of President of CG & E Holdings Corporation, Cypress Grove Estates Corporation, and CGE South Hills Ventures, Incorporated. She is also the Managing Director of Ceres Homes, Incorporated, Director and Treasurer of C-S Mansions and Development Corporation and Alabang Homes Condotel, Inc. Ms. Keh is a member of the Board of Governors of the SHDA, consultant to the Board of Directors of SM Foundation, Incorporated, and a member of the Board of Directors/Trustees of Foundation for Professional Training, Inc., Asian Appraisal Company, Incorporated and Amalgamated Project Management Services, Inc. Ms. Keh holds a Masters in Business Administration from the J.L. Kellogg Graduate School of Management, Northwestern University, Chicago Illinois, USA and the Hong Kong University of Science and Technology, Clearway Bay, Hong Kong. She has a Bachelor of Science in Biology degree (Summa Cum laude) from the University of the Philippines, where she also earned the Dean's Medal for the Highest Academic Achievement.

Manuel S. Delfin, Jr.
Director

Dr. Delfin is currently a partner in Allied Ophthalmic Consultants. He is also a consultant and the Vice-Chairman of the Department of Ophthalmology in Manila Doctors Hospital. He is also a consultant in Patients First Medical Center. Apart from his medical affiliations, he is also currently serving the following positions: (i) Corporate Secretary of UP Medical Foundation; (ii) President of Lakan Bakor Foundation; (iii) Treasurer of Philippine Glaucoma Society; (iv) Assistant Secretary of Philippine Glaucoma Foundation; (v) Director of Happy Wells Management & Corp.; and (vi) Director of 77 Avenida Corp. Dr. Delfin graduated with a bachelor's degree in Zoology from the University of the Philippines Diliman, cum laude, in 1982. He obtained his medical degree from the University of the Philippines College of Medicine in 1986. He also obtained his residency from the same university in 1990. He obtained his fellowship in Glaucoma from California Pacific Medical Center, USA, under Dr. Dr. Robert L. Stamper MD and Dr. Marc F. Lieberman MD.

Raul Fortunato R. Rocha
Director

Mr. Rocha was born in Tabaco Albay on August 28, 1953. A banker for fourteen years and a businessman with businesses that include real estate development and leasing. He is currently the president of LYRR Realty Development Corporation and Naga Queenstown Realty and Development Inc. He is also the Chairman of the Board of Directors of Tabaco Port Cargo Corp. He graduated from Divine Word College Legazpi City in 1976 with a degree of BSC Major in Management. He is a member of various organizations like Rotary Club of Naga East, Metro Naga Chamber of Commerce and Industry and Kapisanan ng mga Broadcaster ng Pilipinas (KBP).

Anthony Vincent Sotto
Director, and President and CEO

Atty. Anthony Vincent S. Sotto assumed the position of Deputy Chief Executive Officer of the Company on 2020, and was elected President and CEO of the Company in 2021. Prior to his current position, he served as Assistant General Manager of Credit & Collection and General Manager of Credit & Collection for 8990 Holdings, Inc. Before joining the company in 2003, he was an Associate Lawyer at Solis and Medina Law Offices from 2001 to 2002. Atty. Anthony Vincent S. Sotto graduated from the University of the Philippines-Cebu College with a degree in Bachelor of Arts in Political Science and graduated Bachelor of Laws in 2001 in the University of the Philippines Diliman Campus.

Ian Norman E. Dato
Director

Mr. Dato is an incumbent director of IKitchen, Inc. and MyMarket, Inc. He is Corporate Secretary to 27 corporations. His experience in private law practice includes Ponce Enrile Reyes & Manalastas Law Offices (2012) and Kalaw Sy Vida Selva & Campos (2005-2006). He was in government service between 2003 and 2010 in various capacities, such as: Undersecretary of Justice (2010), Undersecretary of Political Affairs (2008-2010), Assistant Secretary of Political Affairs (2007-2008), and Director in the Presidential Legislative Liaison Office in the Office of the President of the Philippines (2003-2005). He has a Master of Laws degree from University College of London where he graduated with merit in 2011. He obtained his *Juris Doctor* from the Ateneo de Manila University School of Law and a degree in Political Science from the University of the Philippines Diliman. He is a member of the UCL Alumni Association, International Visitors Leadership Program Alumni of the U.S. Department of State, and Chevening Alumni of the Foreign & Commonwealth Office of the United Kingdom.

Roan Buenaventura – Torregoza
Director, CFO

Mrs. Roan Buenaventura-Torregoza assumed the position of Chief Financial Officer of the Company in September 2016. Prior to her current position, she served as Acting Chief Financial Officer, Deputy Chief Financial Officer, Assistant General Manager for Audit, and Management Services Manager for 8990 Holdings, Inc. Before joining the Company in 2014, she served as Account Officer of Wholesale Finance

Department of BPI Family Savings Bank, Inc. from 2008 to 2012. Ms. Buenaventura-Torregoza finished her Master in Business Administration Concentration in Finance from Asian Institute of Management as W. Sycip Graduate School of Business Scholar in December 2013. She also has a degree in B.S. Business Administration from the University of the Philippines-Diliman (2007).

Margarita B. Martinez
Director

Ms. Martinez is currently the President and Managing Director of Bonnesmains Services Corp. She has held this position since 2012. Prior to this, she was an Apparel Buyer for Southeastasia Retail Inc. from October 2015 to July 2017. She finished her Bachelor of Arts in Fashion Media and Industries in Goldsmiths University of London, Singapore. She also has a Foundation in the Creative Arts Certificate from Lasalle College of the Arts Singapore, an Interdisciplinary Design Studies Certificate from Kwantlen Polytechnic University, BC Canada, and a Liberal Arts Studies Certificate from Corpus Christi College, BC Canada.

Luis Michael R. Yu III
Director

Mr. Yu is currently a director of Unido Capital Holdings, Inc., iHoldings. Inc., KuyaJ Group Holdings, Inc., Southeastasia Retail, Inc., Ikitchen, Inc., PLK Philippines, Inc., Grand Majestic Convention City, Inc., Manila Comisario Central, Inc., Icuisine, Inc., 100Holdings Ventures, Inc.,, One Vela Holdings, Inc. and 101Restaurant City, Inc., among other companies.

Vittorio P. Lim
Independent Director

Mr. Lim has been President and Executive Director at Apollo Global Capital, Inc. since December 11, 2015. Mr. Lim has been Independent Director of Pacifica Holdings, Inc. since August 28, 2015. Mr. Lim is a Certified Securities Representative of Wealth Securities Inc. He served as Director at Asiabest Group International Inc. since October 7, 2011. He was also a Certified Securities Representative of Tower Securities, Inc. from 2011 to 2014; GS & PDS Broker.

Maria Paz I. Diokno
Independent Director

Ms. Diokno has been most recently engaged to assist in the day-to-day operations of an elevator company. Prior to this engagement, she worked as an independent consultant, with private corporations developing strategy and financial structuring that include mergers, loan restructuring, IPOs, development of business plans and review of possible investment projects in various sectors such as information technology, manufacturing and service industries. She also worked with several private commercial banks and investment houses where areas of responsibility included the marketing and execution of investment banking products such as financial advisory, privatization, loan arrangements and syndications, debt and equity underwriting, and the like, including business development, packaging of credit facilities and preparation of industry studies.

The Company has complied with the guidelines on the nomination and election of independent directors set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, which was adopted in the Amended By-Laws of the Company. The two (2) independent directors, Mr. Vittorio P. Lim and Ms. Maria Paz I. Diokno, were nominated by Nicolas Divinagracia, a registered shareholder of the Company who is not a director, officer or substantial shareholder of the Company and is not related to either of the nominated independent directors. Mr. Divinagracia signed the recommendations and Mr. Vittorio P. Lim and Ms. Maria Paz I. Diokno accepted their nominations.

The qualifications of all nominated directors including the nominated independent directors, have been pre-screened in accordance with the rules of the Company. Only the nominees whose names appear on the Final List of Candidates are eligible for election as directors (independent or otherwise). No other nominations were entertained after the preparation of the Final List of Candidates and no further nominations shall be entertained or allowed during the annual stockholders' meeting. The list is made available to the Securities and Exchange Commission and to all the stockholder through the filing and distribution of the Information Statement. The name of the person or group of persons who recommended the nomination of the independent directors is identified in the Information Statement including any relationship with the nominee.

Officers

The business experience of each of the officers and executives of the Company for the last five (5) years is as follows:

Anthony Vincent Sotto
President and CEO
Please refer to the table of Directors above.

Alexander Ace S. Sotto
COO

Mr. Sotto's 17 year experience in the real estate industry began when he joined 8990 Holdings Inc. in 2004. He is currently the Chief Operating Officer of the Company. He is currently the Advisor for the Subdivision and Housing Developers Association (SHDA) in Central Visayas. He was the former Governor of SHDA) for Visayas. He holds a Bachelor of Science degree in Civil Engineering from the Univerisy of San Carlos Technological Center, Talamban, Cebu City in 2002.

Roan Buenaventura – Torregoza
Chief Financial Officer
Please refer to the table of Directors above.

Richard L. Haosen
Treasurer and Head of Treasury
Please refer to the table of Directors above

Teresa C. Secuya
Compliance Officer

Ms. Secuya assumed the position of Compliance Officer of the Company in September 2012. Ms. Secuya is also currently the Executive Assistant to the Chairman of 8990 Luzon Housing Development Corp. Prior to her current positions, she served as the Executive Secretary of the President of Ceres Homes, Inc. (February 2006 to December 2009), Executive Assistant of the Chairman of Urban Basic Housing Corporation (May 1999 to January 2003), Executive Assistant for Admin Affairs of Newpointe Realty & Development Corp. (June to July 1996), Marketing Assistant of HIC Construction & Development Corp. (March to May 1996), and Proprietor of Jobs Drugs and Gifts (November 1991 to March 1996). She obtained her Bachelor of Arts degree, major in Communication Arts from the Ateneo de Davao University in 1982.

Cristina S. Palma Gil-Fernandez
Corporate Secretary

Atty. Palma Gil-Fernandez assumed the position of Corporate Secretary of the Company in September 2012. Atty. Palma Gil-Fernandez graduated with a Bachelor of Arts degree, Major in History (Honors) from the University of San Francisco in 1989, and with a Juris Doctor degree, second honors, from the Ateneo de Manila University in 1995. She is currently a Partner at Picazo Buyco Tan Fider & Santos Law Offices and has over 28 years of experience in corporate and commercial law, with emphasis on the practice areas of banking, securities and capital markets (equity and debt), corporate reorganizations and restructurings and real estate. She currently serves as a Corporate Secretary for several large Philippine corporations, including three (3) publicly-listed corporations, and as Asst. Corporate Secretary, for one of the largest publicly-listed infrastructure company in the country.

Maureen O. Lizarondo-Medina
Assistant Corporate Secretary

Atty. Lizarondo-Medina assumed the position of Assistant Corporate Secretary of the Company in July 2015. She graduated cum laude with the degree of Bachelor Arts, Major in Political Science, from the University of the Philippines in 2003, and with a Juris Doctor degree, second honors, from the Ateneo de Manila University in 2011. She is currently a Partner at Picazo Buyco Tan Fider & Santos Law Offices.

Patricia Victoria G. Ilagan
Investor Relations Officer

Prior to joining the Company, Ms. Ilagan worked as an equities analyst at Philippine Equity Partners (a local research partner of Bank of America Merrill Lynch) from 2015 to 2017. She has a Master's Degree in Business Administration from Esade Business School and a Bachelor's Degree in Management from the Ateneo de Manila University. Her previous roles also include working as Senior Research Associate at Macquarie Capital Securities Philippines from 2010 to 2012 and Senior Manager for Financial Planning and Analysis at Bloomberry Resorts and Hotels, Inc. from 2012 to 2015.

Significant Employees

Apart from the directors and officers of the Company as enumerated above, the Company has no other significant employee.

Family Relationships

Except for Mr. Luis Michael R. Yu who is the son of Mr. Luis N. Yu, Jr., and Ms. Margarita B. Martinez who is the daughter of Mr. Mariano D. Martinez, none of the aforementioned Directors or Executive Officers or persons nominated or chosen by the Company to become Directors or Executive Officers is related to the others by consanguinity or affinity within the fourth civil degree.

No Director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting due to disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Involvement in Certain Legal Proceedings

The Company is not aware of: (i) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time; (ii) any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses; (iii) any of the directors, nominees for election as directors, and executive officers being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and (iv) any of the directors and executive officers being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated, occurring during the past five (5) years up to the latest date that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter or control person of the Company.

To the best of its knowledge and belief, the Company is not involved in any litigation, arbitration, or claims (including personal injuries, employee compensation or product liability claims) of material importance, and the Company is not aware of any litigation, arbitration or claims of material importance pending or threatened against it that would have a material adverse effect on its business, financial condition, or results of operations.

Except as described below and other than those disclosed in the Company's Annual Report for 2022, and the Financial Statements as of 31 December 2022, the Company has not had any transaction during the last two (2) years in which any Director or Executive Officer or any of their immediate family members had a direct or indirect interest.

For more discussion on Related Party Transactions, please see Note 22 of the Financial Statements as of 31 December 2022.

Appraisals and Performance Report of the Board

The directors' attendance record for Board meetings in 2022 is attached herein as Annex "H."

As of date, there is no formal appraisal or assessment process in respect of Board performance, although attendance by directors in board meetings are strictly monitored.

Board Committees

The members of the various committees of the Board of Directors as of 31 May 2023 are as follows:

Executive Committee

Mariano D. Martinez	-	Chairman
Luis N. Yu, Jr.	-	Member
Richard L. Haosen	-	Member

Audit and Risk Management Committee

Arlene C. Keh	-	Chairman (Independent Director)
Mariano D. Martinez	-	Member
Luis N. Yu, Jr.	-	Member

Nominations and Compensation Committee

Manuel C. Crisostomo	-	Chairman (Independent Director)

Mariano D. Martinez - Member

Corporate Governance Committee

Manuel C. Crisostomo - Chairman (Independent Director)
Luis N. Yu, Jr. - Member

Except as disclosed in Item 6 below, none of the aforementioned Directors and Executive Officers is covered by a special compensatory plan or arrangement, nor do any of them hold any outstanding warrants or options in respect of the Company or its shares.

Certifications of the nominees for Independent Directors are attached hereto as Annexes “B” and “B-1”.

The President’s Certificate attesting to the fact that none of the directors and officers of the Company holds any position in any capacity in any government agency or instrumentality is hereto attached as Annex “C”.

Item 6. Compensation of Directors and Executive Officers

The following are the Company’s President and four most highly compensated executive officers for the year ended 31 December 2022:

Name	**Position**
Anthony Vincent S. Sotto	President and CEO
Alexander Ace Sotto	COO
Richard L. Haosen	Treasurer and Head of Treasury
Roan Buenvanetura-Torregoza	Chief Financial Officer
Rhena Caceres	General Manager for Sales

The following table identifies and summarizes the aggregate compensation of the Company’s President and the four most highly compensated executive officers of the Company in fiscal years 2021, 2022, and 2023 (projected):

	Year	**Salary**	**Bonuses**	**Other Annual Compensation**
Aggregate compensation of the Company’s President and the four most highly compensated executive officers as named above in fiscal years 2021, 2022, and 2023 (estimated) in PhP	2023 (projected)	13,481,540	1,164,023	
	2022	12,587,465	1,048,955	-
	2021	9,744,700	808,408	-
Aggregate compensation paid	2023 (estimated)	28,773,080.00	2,463,710.00	
	2022	24,064,637.00	1,724,442.00	-

to all other officers as a group unnamed in PhP	2021	19,028,190.00	1,966,544.00	-

The Company's By-Laws provide that, by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. Also provided therein is the compensation of directors which shall not be more than 10% of the net income before income tax of the Company during the preceding year, which shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting. The Board's Nomination and Compensation Committee shall have the responsibility of recommending such fees and other compensation of directors. In the past years and to date, the Committee did not recommend the payment of any compensation to directors based on the net income before income tax of the Company.

The following corporate officers of the Company hold shares in the Company as of record date:

Name	Position	No. of shares
Mariano D. Martinez	Chairman	168,916,767 shares (direct) 1,979,200 shares (indirect)
Anthony Vincent S. Sotto	President and CEO	1 share (direct) 5,000,000 (indirect)
Alexander Ace S. Sotto	Chief Operating Officer	100 shares (direct) 5,000,000 (indirect)
Richard L. Haosen	Treasurer and Head of Treasury	1 share (direct) 20,000 shares (indirect)
Roan Buenaventura-Torregoza	Chief Financial Officer	5,000,000 (direct) 1,500 (indirect)

Employment Contracts

Standard Arrangement

Other than payment of reasonable per diem as may be determined by the Board for every meeting, there are no standard arrangements pursuant to which directors of the Company are compensated, or were compensated, directly or indirectly, for any services provided as a director and for their committee participation or special assignments.

There are no special employment contracts between the Company and the named executive officers. Of the key executive officers named above, only Ms. Roan Buenaventura-Torregoza has an employment contract with the Company which have standard employment terms.

Other Arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or to be compensated, directly or indirectly, during 2022 for any service provided as a director.

Warrants and Options Outstanding

There are no outstanding warrants or options held by the President, the named executive officers, and all officers and directors as a group.

Item 7. Independent Public Accountants

The Board's Audit Committee is responsible for recommending the appointment, reappointment, and/or removal of the Company's external auditor. The Audit Committee recommended the re-election of Ramon F. Garcia & Company, CPAs (Crowe Philippines) as the Company's principal accountant and external auditor.

Ramon F. Garcia & Company, CPAs (Crowe Philippines) has audited the Company's financial statements without qualification for the period ending 31 December 2022. Representatives of the said firm are expected to be present at the annual stockholders' meeting and will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions. The partner-in-charge for the period indicated is Honorata L. Paguio.

During the Company's three most recent fiscal years or any subsequent interim periods, there was no instance where the Company's public accountants resigned or indicated that they decline to stand for re-election or were dismissed nor was there any instance where the Company had any disagreement with its public accountants on any accounting or financial disclosure issue.

The current and previous independent auditors engaged by the Company have no shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe to securities issued by the Company. All independent auditors do not have and will not receive any direct or indirect interest in the Company or in any of our securities (including options, warrants or rights thereof) pursuant to or in connection with the Common Shares.

The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

Apart from the foregoing audit-related services, our independent auitors have not rendered tax, accounting, compliance, advice, planning and other tax services for the Company within last two fiscal years.

The 2022 audit of the Company is in compliance with paragraph (3)(b)(iv) of Securities Regulation Code Rule 68, as amended, which provides that the external auditor should be rotated, or the handling partner changed, every five (5) years or earlier.

Item 8. Compensation Plans

The Corporation has no employee stock option at the moment.

C. <u>ISSUANCE AND EXCHANGE OF SECURITIES</u>

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

Not applicable.

Item 10. Modification or Exchange of Securities

Not applicable.

Item 11. Financial and Other Information

a. The Management's Discussion and Analysis or Plan of Operation is attached hereto as Annex "D".

b. The Annual Report for the year ended December 31, 2022 is attached hereto as Annex "E".

c. The SEC Form 17-Q for the results of operation and financial position of the Company as of March 31, 2023 (the 1st quarter 17-Q Report) is likewise attached hereto as Annex "F".

d. The Minutes of the last Annual Stockholders' Meeting held on 25 July 2022 is attached herein as Annex "G."

e. The Director Attendance Report for meetings held in 2022 is attached herein as Annex "H."

f. The Audited Consolidated Financial Statements for 2022 is attached herein as Annex "I."

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

Not applicable.

Item 13. Acquisition or Disposition of Property

Not applicable.

Item 14. Restatement of Accounts

Not applicable.

D. <u>OTHER MATTERS</u>

Item 15. Action with Respect to Reports

The President's Report and the Audited Financial Statements for the year ended 31 December 2021 will be submitted for approval and ratification by the stockholders.

Item 16. Matters Not Required to be Submitted

Not applicable.

Item 17. Other Proposed Actions

<u>Action with Respect to Reports</u>
The following reports/minutes of meeting will be submitted for approval/confirmation by the stockholders:

1. President's Report and the Annual Report for the year 2022.
2. Audited Financial Statements for the year 2022.
3. Minutes of the Annual Meeting of the Stockholders held on 25 July 2022, which records the approval and/or ratification by the stockholders of the following matters:
    a. Presentation and Adoption of the President's Report and Annual Report and Approval of the Audited Financial Statements for the year 2021;

b. Ratification of all acts of the Board of Directors and Management since the last annual stockholders' meeting held on 27 August 2021;
c. Election of the Directors (including the Independent Directors) of the Company for the ensuing fiscal year;
d. Approval to delegate the appointment of the external auditor of the Company for the year 2022 to the Board of Directors;

Other Proposed Actions

1. Ratification of all acts and resolutions of the Board of Directors and Management for the year 2022 as set forth in the minutes of the meetings of the Board of Directors held during the same period and in the disclosures that have been duly filed with the SEC and the PSE.

2. Election of the members of the Board of Directors, including the Independent Directors, for the fiscal year 2023.

3. Ratification of all acts of the Board of Directors and Management since the last annual stockholders' meeting held on 25 July 2022 including:

   (a) all material resolutions adopted by the Board and duly reported by the Company to the SEC and PSE through the filing of SEC Form 17-C;

   (b) all other resolutions adopted by the Board in the ordinary course of business; and

   (c) all other acts executed by Management in the exercise of their functions in the regular and ordinary course of business of the Company.

   Copies of the minutes of meetings of the Board of Directors are available for inspection by any stockholder upon written request at the principal office of the Company during business hours.

4. Appointment of external auditor for the ensuing fiscal year

Item 18. External Audit Fees

The following table sets out the aggregate fees billed for each of the last two years for professional services endered by Ramon F. Garcia & Company, CPAs in the years ending 2020, 2021, and 2022**:**

	2020	2021	2022
Audit and Audit-related Fees (1)	**9,975,000**	**11,750,000**	**12,250,000**
All Other Fees (2)	**997,500**	**1,175,000**	**1,225,000**
Total	**10,972,500**	**12,925,000**	**13,475,000**

(1) Audit and audit related fees include fees for the audit of annual financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings.
(2) All other fees above include out-of-pocket expenses.

The Corporation did not engage the services of the External Auditors and has not paid any other fees, except as stated above.

Item 19. Voting Procedure

Manner of Voting

In all items for approval, except in the election of directors, each share of stock entitles its registered owner to one vote.

For the purpose of electing directors, a stockholder may vote such number of his 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 shall equal, or he may distribute them in the same principle among as many candidates as he shall see fit. Considering the COVID 19 pandemic and to conform with the government's mandate to exercise social distancing and to avoid mass gatherings, voting may only be done *in absentia* or through the submission of a duly executed proxy.

Stockholders as or Record Date who have successfully registered their intention to participate in the annual meeting via remote communication and to vote *in absentia,* duly verified and validated by the Company shall be provided with unique log-in credentials to securely access the voting portal and participate and watch the online meeting of the stockholders of the Company. A stockholder voting electronically in absentia shall be deemed present for purposes of quorum.

The Corporate Secretary and stock transfer agent will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies.

Voting requirements

(a) With respect to the election of directors, candidates who received the highest number of votes shall be declared elected.

(b) With respect to the adoption of the Amended Audited Financial Statements for the year ended 31 December 2022, as well as the approval or ratification of the other actions set forth under the heading "Other Proposed Actions" above, the vote of majority of the outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters.

Method of counting votes

The Corporate Secretary and stock transfer agent will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at the Annual Meeting of the stockholders.

Considering the COVID 19 pandemic and to conform with the government's mandate to exercise social distancing and to avoid mass gatherings, voting may only be done by remote communication, *in absentia* or by proxy.

All votes received shall be tabulated by the Office of the Corporate Secretary with the assistance of the Company's stock transfer agent. The Corporate Secretary shall report the partial results of voting during the meeting. The actual voting results shall be reflected in the minutes of the meeting.

The detailed instructions for participation through remote communication are set forth in Annex "A" to the Information Statement.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF SEC FORM 17-A FREE OF CHARGE, EXCEPT FOR EXHIBITS ATTACHED THERETO WHICH SHALL BE CHARGED AT COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED AS FOLLOWS:

8990 HOLDINGS, INC.
11th Floor, Liberty Center, 104 HV Dela Costa Street
Salcedo Village, Makati City, Philippines
Attention: PATRICIA VICTORIA G. ILAGAN

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 15 June 2023.

8990 HOLDINGS, INC.

By:

MARIANO D. MARTINEZ
Chairman of the Board

ANNEX A

VIRTUAL ANNUAL STOCKHOLDERS' MEETING AND REQUIREMENTS AND PROCEDURES FOR ELECTRONIC VOTING IN ABSENTIA

The Annual Meeting of the stockholders of 8990 HOLDINGS, INC. ("8990" or the "Company")will be held on Monday, the 31st day of July 2023 at 11:00 a.m.

In order to ensure the safety and welfare of our stockholders in light of the COVID-19 situation, the Company will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication and by voting in absentia, or voting through the Chairman of the meeting as proxy. Should circumstances change such that public mass gatherings will no longer pose a health risk to the public, the Company will timely notify the stockholders if physical attendance will be allowed at the meeting by 31 July 2023. If such will be the case, the guidelines therefor will be provided through a disclosure atthe Philippine Stock Exchange or publication of a notice in a newspaper of general circulation.

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, the Corporation has set up a designated web address which may be accessed by the stockholders to participate and vote in absentia on the agenda items presented for resolution at the meeting. A stockholder who votes in absentia or who participates by remote communication shall be deemed present for purposes of quorum.

The following are the rules and procedures for the conduct of the meeting:

(i) Stockholders may attend the meeting remotely through Zoom with links to be posted in 8990's website (the "Website"). Stockholders may send their questions or comments prior to the meeting by e-mail at corpcommunication@8990holdings.com. HOUSE's Electronic Registration and Online-voting (HERO) System shall include a mechanism by which questions may be posted live during the meeting. The Company will endeavor to answer all questions submitted prior to and in the course of the meeting, or separately through the Company's Investor Relations Office.

(ii) Each of the Agenda items which will be presented for resolution will be shown on the screen during the live streaming as the same is taken up at the meeting.

(iii) Stockholders must register through the Company's HERO System to personally participate in the meeting by remote communication and to be included in determining quorum, together with the stockholders who voted by proxy.

(iv) Voting shall only be allowed for stockholders registered in the HERO System at https://registration.8990holdings.com or through the Chairman of the meeting as proxy.

(v) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock represented at the meeting.

(vi) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.

(vii) The Company's stock transfer agent and Corporate Secretary will tabulate and validate all votes received.

Registration Period

Registration to vote in absentia or via an absentee ballot may be made through the HERO System at https://registration.8990holdings.com from 9:00 a.m. of 03 July 2023 until 5:00 p.m. of 27 July 2023. Beyond this time and date, a stockholder may no longer be allowed to personally participate in the Annual Meeting of the stockholders. Stockholders may also vote through the Chairman of the meeting as proxy, by submitting a duly accomplished proxy form, on or before 27 July 2023.

Registration Requirements

The following are needed for the online registration:

A. *For individual Stockholders*

1. The unique Stockholder ID which the Stockholder should request from Stock Transfer Service Inc., the stock transfer agent (STA) of 8990, before commencing with the online registration. Stockholders may reach the 8990 STA within the Registration Period, Monday to Friday from 9:00 a.m. to 5:00 p.m.
2. Full name of the Stockholder;
3. Valid and current email address;
4. Valid and current contact number, including the area code (landline or mobile number);
5. Citizenship/Nationality; and
6. Digital copy of the Stockholder's valid and unexpired government-issued ID (in JPG format).

B. *For corporate Stockholders*

1. Secretary's certificate or equivalent document (in case of a non-resident stockholder) attesting to the authority of the representative to vote for and on behalf of the corporation;
2. The unique Stockholder ID which the Stockholder should request from the 8990 STA before commencing with the online registration. Stockholders may reach the 8990 STA within the Registration Period, Monday to Friday from 9:00 a.m. to 5:00 p.m.
3. Full name of the Stockholder's Representative;
4. Valid and current email address of the Stockholder's Representative;
5. Valid and current contact number (landline or mobile number) of the Stockholder's Representative;
6. Citizenship/Nationality of the Stockholder's Representative; and
7. Digital copy of the valid and unexpired government-issued ID of the Stockholder's Representative (in JPG format).

C. *For Stockholders with shares under Broker Accounts (PCD Nominees)*

In addition to the requirements specified in Item A or B above:

1. A certification from the stockholder's broker on the Stockholder's shareholdings in the Company as of the Record Date (in JPG format); and
2. The unique Broker's ID assigned to stockholder's broker by the PCD, together with sub-ID number assigned by such broker to the stockholder, which the stockholder should request from such broker before commencing with the online registration.

In all cases, incomplete or inconsistent information may result in an unsuccessful registration. As a result, stockholders will not be allowed access to vote electronically *in absentia* but may still vote through the Chairman of the meeting as proxy, by submitting a duly accomplished proxy form, on or before 27 July 2023.

Online Registration Procedure

1. Prior to online registration:

   (a) For shareholders holding share certificates, contact the 8990 STA via email to secure your unique Stockholder ID. Stockholders are encouraged to secure said unique Stockholder ID via email at corpcommunication@8990holdings.com as this has been set up as the primary manner for securing such ID. When contacting the 8990 STA, please be prepared to indicate your stock certificate number/s and corresponding number of shares.

   (b) For stockholders whose shares are lodged under broker accounts, in addition to Item 1 (a) above, please contact your respective brokers to secure the necessary requirements under Item C (Registration Requirements).

2. Log-in into the 8990's HERO System using your unique individual Stockholder ID/Broker's ID. Please ensure that you have prepared the necessary information and requirements.
3. Read the Data Privacy Notice in the HERO System. If you agree to its terms, please check the box signifying your consent to the processing of your personal information which shall be used solely for purposes of Annual Stockholders' Meeting of 8990.
4. Enter the information required in the respective fields and upload the digital copies of your valid government-issued photo ID. When all information and digital copies have been uploaded, please click the "Submit" button.

Reminders:

- Please take note of your Stockholder ID/Broker ID and Authentication Code (as described below) and keep them in a safe place. While the Company shall endeavor to take all reasonable steps to generate replacements, the Company cannot in any way guarantee that it will be able to do so in a timely manner.
- A Stockholder's online registration cannot be completed if any of the mandatory requirements are not submitted.
- Only Stockholders who submitted the complete requirements thru the HERO System by 27 July 2023, 5:00 P.M., are entitled to personally participate in the Annual Stockholders' Meeting of 8990.
- In any event, stockholders whose registration cannot be completed may still vote through the Chairman of the meeting as proxy, by submitting a duly accomplished proxy form, on or before July 27 July 2023.
- In case of any issues relating to your registration in the HERO System, or in case you lose your Stockholder ID or Authentication Code, please send an email to info@lbcexpressholdings.com.

Verification of Stockholder Registrations

The Company or the 8990 STA shall verify the information and details submitted through the Electronic Voting in Absentia System on 28 July 2023.

After verification of complete submission of the required information and documents, the stockholder shall receive an e-mail confirming registration in the HERO System through the stockholder's e-mail address provided in such registration. Such e-mail confirmation shall include the stockholder's unique Authentication Code (for use during the online AGM) and detailed instructions on how to participate and cast votes in the Annual Meeting of the stockholders of the Company.

In the event that you have not received such e-mail notification by 28 July 2023 please call or contact the Company or the 8990 STA.

Annual Meeting of the Stockholders

The Annual Meeting of the stockholders of 8990 shall be broadcasted online. The procedure for online voting, as well as the manner by which stockholders may bring up questions or concerns to the Board of Directors, shall be emailed to stockholders who successfully registered before the lapse of the Registration Period and whose registration has been verified.

Data Privacy

Each individual stockholder’s (or that of the corporate stockholder's Authorized representative) data willbe collected, stored, processed and used exclusively for the purposes of electronic registration in the HERO System of 8990 for Annual Meeting of the stockholders. Personal information will be processedand retained in accordance with the Data Privacy Act of 2012 and applicable regulations. The detailed data privacy policy of the Company may be accessed through the Company's website

Annex "B"

CERTICATION OF INDEPENDENT DIRECTOR

I, **MARIA PAZ I. DIOKNO**, Filipino, of legal age and a resident of 24 Romulo St., North Susana Executive Village, Matandang Balara, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **8990 HOLDINGS, INC.** (the "Corporation).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
General Elevator & Escalator Corp.	Operations Officer	2011-2018
Sedgewick Traders Corporation First Savings Bank	Vice President President	2004-2007 June to August 2004
Armstrong Pacific Co., Incorporated	Vice President	2000-2003
AB Capital & Investment Corporation	First Vice President, Investment Banking Division	1997-2000
Equitable Banking Corporation/EBC Investments, Inc. Union Bank of the Philippines/UBP Capital Corporation	Vice President Vice President & Division Head Officer in Charge, Operations Division	1994-1997 1988-1994
Government Service Insurance System Merchants Investment Corporation Insular Bank of Asia & America	Confidential Executive Assistant II Office of Board Member Carmen I. Diokno Manager Assistant Manager	April to August 1988 1982-1986 1974-1978

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any of the directors/officer/substantial shareholder of the Corporation (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable).

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or 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 the Corporation of any changes in the abovementioned information within five days from its occurrence.

IN WITNESS WHEREOF, I have hereunto affixed my signature this JUN 19 2023 at MAKATI CITY.

MARIA PAZ I. DIOKNO
Independent Director

SUBSCRIBED AND SWORN to before me this JUN 19 2023 day of ______ at MAKATI CITY, affiant personally appeared before me and exhibited to me her Driver's License with Number N15-70-035936 issued by LTO and expiring on April 29, 2032.

Doc No. 450;
Page No. 91;
Book No. II;
Series of 2023.

CELINA MARIE S. HILARIO
Appointment No. M-328
Notary Public for Makati City
Until December 31, 2023
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 80942
PTR No. 9573202/Makati City/01-07-2023
IBP No. 292504/Makati City/01-05-2023
MCLE Exempted-Admitted to the bar in 2022

Annex "B-1"

CERTICATION OF INDEPENDENT DIRECTOR

I, **VITTORIO P. LIM**, Filipino, of legal age and a resident of 82 Sanso Street, Corinthian Gardens, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **8990 HOLDINGS, INC**. (the "Corporation).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Apollo Global Capital, Inc.	President	2015 to present
V2S Property Developer Co., Inc.	President	current
B and P Realty, Inc.	Corporate Secretary	current
Champaca Development Corp.	Corporate Secretary	current
PX2 Enterprise Co., Inc.	Corporate Secretary	current
VNP Properties Development Inc.	Corporate Secretary	current
Zelle Dev't. Corporation	Corporate Secretary	current
Tarlac Centerpoint	Corporate Secretary	current
Panlilio Centerpoint	Corporate Secretary	current
Vini Agro Products, Inc.	Treasurer	current
Pacifica Holdings, Inc.	Independent Director	current

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any of the directors/officer/substantial shareholder of the Corporation (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable).

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or 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 the Corporation of any changes in the abovementioned information within five days from its occurrence.

IN WITNESS WHEREOF, I have hereunto affixed my signature this JUN 2 2 2023 at MAKATI CITY.

VITTORIO P. LIM
Independent

SUBSCRIBED AND SWORN to before me this JUN 2 2 2023 day of ______ at MAKATI CITY, affiant personally appeared before me and exhibited to me his Passport No. P6412108B issued at DFA NCR EAST on 2 March 2021.

Doc No. 501;
Page No. 102;
Book No. II;
Series of 2023.

KATRINA ISABELLE G. PIMENTEL
Appointment No. M-336
Notary Public for Makati City
Until December 31, 2023
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 80892
PTR No. 9573244/Makati City/01-07-2023
IBP No. 213749/Makati City/05-21-2022
MCLE Exempted-Admitted to the bar in 2022

Annex "C"

REPUBLIC OF THE PHILLIPPINES)
MAKATI CITY, METRO MANILA) S.S.

CERTIFICATION

I, **ATTY. ANTHONY VINCENT S. SOTTO,** Filipino, of legal age, and with office address at 8990 Corporate Center, Negros St., Cebu Business Park, Cebu city, being duly sworn in accordance with the law, hereby certify that:

1. I am the President and Chief Executive Officer of **8990 HOLDINGS, INC.** (the "**Corporation**") a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at the 11th Floor, Liberty Center, 104 H.V Dela Costa St., Salcedo Village, Makati City.

2. Based on the records of the Corporation, none of the directors and principal officers of the Corporation hold any position in any capacity with any government agency of instrumentality.

3. I am executing this certification in relation to the submission of the Information Statement of the Corporation with the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have hereunto affixed my hand this 15th day of June 2023 in Makati City.

ATTY. ANTHONY VINCENT S. SOTTO
President and Chief Executive Officer

SUBSCRIBED AND SWORN TO BEFORE ME, on the 15th day of June 2023 at Makati City, affiant exhibited to me his TIN: 223-227-985-000.

Doc. No.: 436
Page No.: 89
Book No.: II
Series of 2023.

CELINA MARIE S. HILARIO
Appointment No. M-328
Notary Public for Makati City
Until December 31, 2023
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 80942
PTR No. 9573202/Makati City/01-07-2023
IBP No. 292504/Makati City/01-05-2023
MCLE Exempted-Admitted to the bar in 2022

Annex "D"

I. Management Discussion and Analysis of Financial Condition and Results of Operations

Factors Affecting Results of Operations

The Company's results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected the Company's results in the past and which the Company expects to affect its financial results in the future. Factors other than those set out below could also have a significant impact on the Company's results of operations and financial condition in the future. See Risk Relating to the Companies Business.

General Global and Philippine Economic Conditions and the Condition of the Philippine Real Estate and Residential Housing Markets

The Company derives substantially all of its revenue from its mass housing development activities in the Philippines. The Philippine real estate and housing markets have historically been affected by the prevailing growth, the rate of unemployment and political and social developments in the Philippines. The Philippine real estate and housing markets have historically been subject to cyclical trends, and property values have been affected by the supply of and demand for comparable properties, the rate of economic growth, the rate of unemployment and political and social developments in the Philippines. Demand for new residential projects in the Philippines has historically also been affected by, among other things, prevailingpolitical, social and economic conditions in the Philippines, including overall growth levels, the value of the Philippine peso and interest rates, as well as the strength of the economy in other parts of the world, given that a substantial portion of demand comes from overseas Filipino workers. Furthermore, as the Company continues expanding its business, these operations will also be increasingly affected by general conditions inthe global and Philippine economies. As a result, the Company expects that its results of operations will continue to vary from period to period largely as a result of general global and Philippine economicconditions.

Collection of Receivables

The Company's results of operations are also affected to a significant degree by the success and efficiency of its collection of receivables from its customers. If the Company experiences any significant delays or defaults on its collection of receivables, it could experience liquidity issues. In addition, a significant number of defaults may result in the Company taking on a significant amount of inventory for the housing units it would repossess from customers. In such an instance, there can be no guarantee that the Company will be able to dispose of these units quickly and at acceptable prices. Any of these occurrences in relation to failure to collect receivables from its customers in a timely manner or at all may have a material adverse effect on the Company's liquidity, financial condition and results of operations.

Liquidity Risk Management

To better manage its liquidity risk, interest risk, as well as improve its cash conversion cycle, the Company typically enters into take-out arrangements with PAG-IBIG where it will transfer its CTS Gold Convertible receivables within four (4) years in exchange for cash. As of the date of this report, the Company has submitted to PAG-IBIG approximately four thousand seven hundred (4,700) CTS receivables, equivalent to approximately PhP4 billion. These accounts are currently being processed by PAG-IBIG, and at various stages of cycle completion. The acceptance or rejection of a CTS receivable by PAG-IBIG is based on certain guidelines of PAG-IBIG such as employment, number of contributions made by the homeowner/PAG-IBIG member and net disposable income, among other factors. The Company believes that substantially all of its requests for take-outs have been accepted by PAG-IBIG. However, in the event that a material number of take-up applications are delayed or even denied, the Company's cashflow and recognized revenues could be materially affected. Moreover, the conversion into cash of the Company CTS receivable as a result of take-ups by PAG-IBIG also affects the Company's results of operations. As greater amount of CTS receivables are converted due to the Company's take-up arrangements, the Company's finance income and receivables decrease while its cash balances correspondingly increase.

In addition to its receivables take-up arrangements with institutions such as PAG-IBIG, the Company also regularly adopts other measures to manage its level of receivables from its housing sales, as well as to generate cash necessary for operations. For example, the Company from time to time enters into loan arrangements with banks against its receivables portfolio as collateral. In addition, the Company also from time to time sells receivables to banks and other financial institutions on a non-recourse basis. The Company has also begun to explore possible securitization transactions with respect to its receivables portfolio. The success of any of these receivable management measures, depending on the amount involved and terms agreed, may affect the Company's results of operations in terms of its liquidity and the levels of its receivable assets.

Interest Rates

The Company generally charges its customers an annual interest rate of nine and a half percent (9.5%) on approximately six percent (6%) or seven percent (7%) per annum. As the Company typically only needs to borrow approximately half of the amount of loans it grants to its customers, the Company believes that it is substantially protected against fluctuations of interest rates in the market. However, in cases of extraordinary increases in interest rates, such as during the Asian financial crisis of the late 1990s or the global economic downturn of 2008, the Company's financial position and results of operations could be adversely affected.

Tax Incentives and Exemptions

As a developer of low-cost housing with mass housing unit price points not exceeding PhP1.9 million (for lots only) or PhP2.2 million (for residential house and lots or other residential dwellings), the Company benefits from an exemption on VAT under current tax laws and regulations. Furthermore, the accreditation of the Company's projects with unit price between PhP450,000 and PhP3,000,000 with the BOI as under the IPP allows each accredited project to enjoy certain tax incentives. For each accredited project, the Company's sales of low cost subdivision lots and housing units are currently not subject to corporate income tax. Also, the Company's projects with unit price of PhP450,000 and under are considered socialized housing projects and enjoy income tax free status by virtue of Republic Act No. 7279. As such, the Company's sales of low cost subdivision lots and housing units are currently not subject to twelve percent (12%) VAT, and corporate income tax. In the event that the Company loses these tax exemptions or incentives or its tax holiday lapses or is not renewed, these sales would become subject to VAT and corporate income tax. These prospective tax charges will directly affect the Company's net income, and the Company expects that any changes in regulatory and tax policy and applicable tax rates may affect its results of operations from time to time.

Price Volatility of Construction Materials and Other Development Costs

The Company's cost of sales is affected by the price of construction materials such as steel, tiles and cement, as well as fluctuations in electricity and energy prices. While the Company, as a matter of policy, attempts to fix the cost of materials components in its agreements with contractors, in cases where demand for steel, tiles and cement are high or when there are shortages in supply, the contractors the Company hires for construction or development work may be compelled to raise their contract prices. With respect to electricity, higher prices generally result in a corresponding increase in the Company's overall development costs. As a result, rising costs for any construction materials or in the price of electricity will impact the Company's construction costs, cost of sales and the price for its products. Any increase in prices resulting from higher construction costs could adversely affect demand for the Company's products and the relative affordability of such products, particularly as a mass housing developer. This could reduce the Company's profitability.

With regard to sales of subdivision house and lots, if the actual cost of completing the development of a particular project exceeds the Company's estimates, any increase in cost is recorded as part of the cost of sales of subdivision house and lots in the same project. This means that the cost of sales for future sales in the same project will be higher.

Availability of Suitable Land for Development

The Company meticulously selects the sites for its mass housing development projects, typically undergoing a research process of anywhere from six (6) months to one (1) year before deciding to acquire land for its contemplated developments. After initializing projects in the Visayas and Mindanao, the Company is currently looking to expand its footprint in Luzon, and also the Metro and Greater Manila areas. To this end, the Company is currently examining its options for the acquisition of parcels of land in these areas. The Company selects the location of its developments based on numerous factors, such as proximity to public transportation hubs and employment areas, as well as vicinity to retail and other commercial establishments, among others. That said, properties which meet all these criteria may not be available for the price the Company is willing to pay, or the Company may encounter competing offers from other developers who may have more resources at their disposal. If the Company is unable to acquire or select the optimal parcels of land for its development projects and expansion plans or is unable to successfully grow and manage its land bank, its ability to meet its revenue and growth targets may be adversely affected.

Demand for Residential Properties

The Company has benefited from greater demand for residential properties resulting from, among other factors, growth of the Philippine economy, increasing number of Filipinos investing in the Philippine real estate market, strong levels of OFW remittances and increasing demand from expatriate Filipinos. In addition, the Company has also benefited specifically from the underserved backlog for mass housing in the Philippines in recent years. The increased demand for residential properties has been a significant factor in the Company's increased revenues and profits over the last three (3) years. In response to these developments, the Company has further increased the number of mass housing development projects. The Company has also begun to offer new mass housing residential products, such as condominiums, to address potential demand from specific target markets. It is unclear whether the demand for housing in the Philippines will remain high or continues to grow, or whether the demand for the Company's products will reach the levels anticipated by the Company. Negative developments with respect to demand for housing in the Philippines would in turn have a negative effect on the Company's operational results. Conversely, positive developments in housing demand would likely positively contribute to the Company's operational results as observed in the past.

Customers

The Company mainly focuses on serving the needs of the Mass Housing market. Specifically, the Company targets (a) the upper-end of the lower-class segment of society and (b) the lower-end of the middle class of the society. The Company's target market consists of buyers who are gainfully employed (such as government employees, business processing operations (BPO) employees, manufacturing workers, etc.). The Company likewise caters to OFWs, which, for many years, have played an important role in keeping the Philippine economy afloat through their remittances that help fuel consumption, specifically real estate purchases. The Company is not dependent on one or a few major customers.

Employees

As of December 31, 2022, the Company has a total of 600 employees. This is broken down as follows:

Function	Number of Employees
Managers	102
Finance	67
Accounting	42
Conversion Staff	36
Credit & Collection Staff	67
Documentation Staff	94
HR/Admin Staff	44
MIS	15
Planning/Engineering Staff	61
Pre-Documentation Staff	23
Treasury	3

Records Management	11
Materials & Procurement	8
Condo Corp/HOA	7
Receivables Management	4
Customer Service	12
Legal	4

Furthermore, to date, there is no existing collective bargaining agreement between the Company and 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, and management believes that the Company's relationship with its employee in general is satisfactory. The Company complies with minimum compensation and benefits standards as well as all other applicable labor and employment regulations.

Within the ensuing twelve (12) months, the Company is anticipating to hire 84 additional employees .

Related Party Transactions

The Company, in its ordinary course of business, engages in transactions with related parties and affiliates. These transactions consist of granting of loans and advances and reimbursement of expenses, which can be settled in cash or through offsetting arrangement. The Company is not dependent on any of its related parties for its business.

Need for Government Approvals

The Philippines' housing market is highly regulated. The development of subdivision and other residential projects is subject to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits. In addition, projects that are to be located on agricultural land must get clearance from the Philippine Department of Agrarian Reform ("DAR") so that the land can be re-classified as non-agricultural land and, in certain cases, tenants occupying agricultural land may have to be relocated at the Company's expense.

Presidential Decree No. 957, as amended, ("PD 957") and BP 220 are the principal statutes which regulate the
development and sale of real property as part of a condominium project or subdivision. PD 957 and BP 220 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. The Department of Human Settlements and Urban Development ("DHSUD") is the administrative agency of the Government which enforces these statutes.

Regulations applicable to the Company's operations include standards regarding:

• the suitability of the site;
• road access;
• necessary community facilities;
• open spaces;
• water supply;
• sewage disposal systems;
• electricity supply;
• lot sizes;
• the length of the housing blocks; and
• house construction.

All subdivision development plans are required to be filed with and approved by the local government unit with jurisdiction over the area where the project is located. Approval of development plans is condition on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities and donation of roadways to and other easements in favor of the relevant government agencies. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. There can be no assurance that the Company, its Subsidiaries or associates or partners will be able to obtain governmental approvals for its projects or that when given, such approvals will be in accordance with the Company's planned timing for the relevant project and will not be later revoked. Any non-receipt or delay in receipt of approvals could affect the Company's ability to complete projects on time or at all.

In addition, owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of subdivision lots and housing and condominium units. Project permits and any license to sell may be suspended, cancelled or revoked by the HLURB based on its own findings or upo complaint from an interested party and there can be no assurance that the Company, its Subsidiaries, associates or partners will in all circumstances, receive the requisite approvals, permits or licenses or that such permits, approvals or licenses will not be cancelled or suspended. Any of the foregoing circumstances or events could affect the Company's ability to complete projects on time, within budget or at all, and could have material adverse effect on its financial condition and results of operations.

Research and Development

The Company engages in research and development activities relating to the construction methodology for its projects, particularly the use of pre-cast system manufacturing technology, the use of sustainable materials and the implementation of environmentally friendly initiatives such as waste-water facilities. The expenses incurred by the Company in connection with these activities are not material.

Compliance with Environmental Laws

In general, developers of real estate projects are required to submit project descriptions to regional offices of the Philippine Department of Environment and Natural Resources ("DENR"). For environmentally sensitive projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment ("EIA") may be required and the developer will be required to obtain an Environmental Compliance Certificate ("ECC") to certify that the project will not have an unacceptable environmental impact. There can be no assurance that current or future environmental laws and regulations applicable to the Company will not increase the costs of conducting its business above currently projected levels or require future capital expenditures. In addition, if a violation of an ECC occurs or if environmental hazards on land where the Company's projects are located cause damage or injury to buyers or any third party, the Company may be required to pay a fine, to incur costs in order to cure the violation and to compensate its buyers and any affected third parties. The Company cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to the Company's business could have a material adverse effect on its business, financial condition and results of operations.

Critical Accounting Policies

Critical accounting policies are those that are both (i) relevant to the presentation of the Company's financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex. To provide an

understanding of how the Company's management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, the critical accounting policies discussed below have been identified. While the Company believes that all aspects of its financial statements should be studied and understood in assessing its currentand expected financial condition and results of operations, the Company believes that the following critical accounting policies warrant particular attention. For more information, see Notes 2 and 3 to the Company's 2017 Audited Consolidated Financial Statements.

DESCRIPTION OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME LINE ITEMS

The following table sets forth details for the Company's sales and other income line items for the periods indicated.

In million pesos	2021	2020	2019
Revenue	20,357.73	14,233.53	15,400.51
Cost of sales and services	10,053.81	7,410.48	6,541.95
Gross income	**10,303.91**	**6,823.06**	**8,858.56**
Operating expenses	2,690.52	1,821.83	2,675.81
Net operating income	**7,613.40**	**5,001.23**	**6,182.75**
Finance costs	1,673.03	1,692.08	1,616.72
Other income	1,723.59	1,640.64	1,593.98
Income before income tax	**7,663.96**	**4,949.79**	**6,160.01**
Provision for income tax	449.02	117.90	297.19
Net income	**7,214.93**	**4,831.88**	**5,862.81**

Revenue

The Company's revenue primarily comprises of those received from its sales of low-cost Mass Housing units and subdivision lots and medium-rise building housing units, rental services and other incidental income relating to its real estate operations, as well as revenues derived from its timeshare and hotel operations.

The Company does not derive any sales or revenues from foreign sales.

Cost of Sales and Services

Cost of sales and services comprise (i) the Company's costs of sales from its low-cost Mass Housing sales of housing units and subdivision lots, costs of sales from sales of MRB condominium units and costs of sales from sales of timeshares; (ii) cost of rental services; and (iii) the Company's costs of services from its hotel operations (including room and food and beverage sales).

Operating Expenses

Operating expenses generally include selling and administrative costs that are not directly attributable to the services rendered. Operating expenses of the Company comprise expenses related to marketing and selling,documentation, taxes and licenses, salaries and employment benefits, write-off of assets, provisions for impairment losses, management and professional fees, communication, light and water, provisions for probable losses, security, messengerial and janitorial services, depreciation and amortization, transportation and travel, repairs and maintenance, rent, entertainment, amusement and representation, supplies, provisions for write-down, subscription dues and fees and miscellaneous expenses (such as extraordinary documentation expenses, liquidation and donation expenses, as well as other expenses).

Finance Costs

Finance costs comprise costs associated with the Company's borrowings, accretion of interest, bank charges and net interest expense on its pension obligations.

Other Income

Other income comprises the Company's interest income from its installment contract receivables, cash in bank and long-term investments. Other income of the Company also comprises income from water supply, gain on repossession of delinquent units and associated penalties, rent income, collection service fees and other miscellaneous income (such as gain from sales cancellations, retrieval fees, association due and transfer fee). The Company also recorded other gains and losses such as a gain from the sale of unquoted debt security classified as loans, and other expenses such as a loss on the sale of a subsidiary.

Provision for Income Tax

Provision for income tax comprises the Company's provisions for regular and minimum corporate income taxes, final taxes to be paid as well as provision for deferred income tax recognized.

<u>Results of Operations</u>

Year ended December 31, 2022 compared to year ended December 31, 2021

Revenue

For the year ended December 31, 2022, the Company recorded consolidated revenue of ₱21,636.7 million, an increase of 6 % from consolidated sales of ₱20,357.7 million recorded for the year ended December 31, 2021. The Company's real estate sales generated ₱21,412.9 million in revenues for the year ended December 31, 2022, an increase of 5% from the ₱20,332.8 million in revenues recorded for the year ended December 31, 2021.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the year ended December 31, 2022 was ₱10,903.6 million, an increase of 8% from consolidated cost of sales and services of ₱10,053.8.5 million for the year ended December 31, 2021. The increase was mainly attributable to increases in cost of real estate operations.

Gross Income

The Company's consolidated gross income for the year ended December 31, 2022 was ₱10,733.1 million, an increase of 4% from consolidated gross income of ₱10,303.9 for the year ended December 31, 2021. The Company's gross income margin for the year ended December 31, 2022 was 49.6% compared to a gross income margin of 50.6% recorded for the year ended December 31 ,2021.

Operating Expenses

For the year ended December 31, 2022, the Company recorded consolidated operating expenses of ₱3,197.3 million, an increase of 19% from consolidated operating expenses of ₱2,690.5 million recorded for the year ended December 31, 2021.

Other Operating Income (Expense)

The Company's consolidated other operating income (expense) for the year ended December 31, 2022 were ₱2,816.5 million, an increase from consolidated other operating income (expense) of ₱₱1,723.6 million recorded for the year ended December 31, 2021.

Finance Costs

The Company's consolidated finance costs for the year ended December 31, 2022 were ₱1,912.9 million, an increase from consolidated finance costs of ₱1,673.0 million recorded for the year ended December 31, 2021.

Income before Income Tax

The Company's consolidated income before income tax for the year ended December 31, 2022 was ₱8,439.4 million, an increase from consolidated income before income tax of ₱7,664.0 million recorded for the year ended December 31, 2021.

Provision for Income Tax

The Company's consolidated provision for income tax for the year ended December 31, 2022 was ₱786.1 million, an increase from consolidated provision for income tax of ₱449.0 million recorded for the year ended December 31, 2020.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2022 was ₱7,653.3 million, an increase of 6% from consolidated net income of ₱7,214.99 million recorded for the year ended December 31, 2021. The Company's consolidated net income margin for the year ended December 31, 2022 and 2021 remained at 35%.

Year ended December 31, 2021 compared to year ended December 31, 2020

Revenue

For the year ended December 31, 2021, the Company recorded consolidated revenue of ₱20,357.7 million, an increase of 43% from consolidated sales of ₱14,233.5 million recorded for the year ended December 31, 2020. The increase was mainly attributable to increased real estate sales. Lifting of construction restrictions allowed the Company to deliver more units in 2021. The Company's real estate sales generated ₱20,332.8 million in revenues for the year ended December 31, 2021, an increase of 44% from the
₱14,169.1 million in revenues recorded for the year ended December 31, 2020.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the year ended December 31, 2021 was ₱10,053.8 million, an increase of 36% from consolidated cost of sales and services of ₱7,410.5 million for the year ended December 31, 2020. The increase was mainly attributable to increases in cost of real estate operations.

Gross Income

The Company's consolidated gross income for the year ended December 31, 2021 was ₱10,303.9 million, an increase of 51% from consolidated gross income of ₱6,823.1 for the year ended December 31, 2020. The Company's gross income margin for the year ended December 31, 2021 was 51% compared to a gross income margin of 48% recorded for the year ended December 31 ,2020.

Operating Expenses

For the year ended December 31, 2021, the Company recorded consolidated operating expenses of ₱2,690.5 million, an increase of 48% from consolidated operating expenses of ₱1,821.8 million recorded for the year ended December 31, 2020.

Other Operating Income (Expense)

The Company's consolidated other operating income (expense) for the year ended December 31, 2021 were
₱1,723.6 million, an increase from consolidated other operating income (expense) of ₱1,640.6 million recorded for the year ended December 31, 2020.

Finance Costs

The Company's consolidated finance costs for the year ended December 31, 2021 were ₱1,673.0 million, a decrease from consolidated finance costs of ₱1,692.1 million recorded for the year ended December 31, 2020. The decrease was mainly attributable to lower level of loans from 2020 to 2021.

Income before Income Tax

The Company's consolidated income before income tax for the year ended December 31, 2021 was ₱7,664.0 million, an increase from consolidated income before income tax of ₱4,949.8 million recorded for the year ended December 31, 2020.

Provision for Income Tax

The Company's consolidated provision for income tax for the year ended December 31, 2021 was ₱449.0 million, an increase from consolidated provision for income tax of ₱117.9 million recorded for the year ended December 31, 2020.

The increase was attributed to sales from non BOI accredited projects in Metro Manila such as but not limited to Urban Deca Homes Ortigas and Urban Deca Homes Manila.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2021 was ₱7,214.99 million, an increase of 49% from consolidated net income of ₱4,831.9 million recorded for the year ended December 31, 2020. The Company's consolidated net income margin for the year ended December 31, 2021 and 2020 were 35% and 34% respectively.

Year ended December 31, 2020 compared to year ended December 31, 2019

Revenue

For the year ended December 31, 2020, the Company recorded consolidated revenue of ₱14,233.5 million, a decrease of 8% from consolidated sales of ₱15,400.5 million recorded for the year ended December 31, 2019. The decrease was mainly attributable to decreased real estate sales. The Company's real estate sales generated ₱14,169.1 million in revenues for the year ended December 31, 2020, a decrease of 6% from the ₱14,997.3 million in revenues recorded for the year ended December 31, 2019.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the year ended December 31, 2020 was ₱7,410.5 million, an increase of 13% from consolidated cost of sales and services of ₱6,542.0 million for the year ended December 31, 2019. The increase was mainly attributable to increases in cost of real estate operations.

Gross Income

The Company's consolidated gross income for the year ended December 31, 2020 was ₱6,823.1 million, a decrease of 23% from consolidated gross income for the year ended December 31, 2019. The Company's gross income margin for the year ended December 31, 2020 was 48% compared to a gross income margin of 58% recorded for the year ended December 31 ,2019.

Operating Expenses

For the year ended December 31, 2020, the Company recorded consolidated operating expenses of ₱1,821.8 million, a decrease of 32% from consolidated operating expenses of ₱2,675.8 million recorded for the year ended December 31, 2019.

Other Operating Income (Expense)

The Company's consolidated other operating income (expense) for the year ended December 31, 2020 were ₱1,637.3 million, a decrease from consolidated other operating income (expense) of ₱1,594.0 million recorded for the year ended December 31, 2019.

Finance Costs

The Company's consolidated finance costs for the year ended December 31, 2020 were ₱1,692.1 million, an increase from consolidated finance costs of ₱1,616.7 million recorded for the year ended December 31, 2019. The increase was mainly attributable to higher interest rate of the Company's loan from creditor banks, and high interest for bonds payable as it is long term in nature.

Income before Income Tax

The Company's consolidated income before income tax for the year ended December 31, 2020 was ₱4,949.8 million, a decrease from consolidated income before income tax of ₱6,160.0 million recorded for the year ended December 31, 2019.

Provision for Income Tax

The Company's consolidated provision for income tax for the year ended December 31, 2020 was ₱117.9 million, a decrease from consolidated provision for income tax of ₱297.2 million recorded for the year ended December 31, 2019.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2020 was ₱4,8311.99 million, a decrease of 18% from consolidated net income of ₱5,86262.8 million recorded for the year ended December 31, 2019. The Company's consolidated net income margin for the year ended December 31, 2020 and 2019 were 34% and 38% respectively.

Financial Position

As at December 31, 2022 compared to as at December 31, 2021

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were ₱1,482.2 million as at December 31, 2022, a decrease of 10% from consolidated cash on hand and in banks of ₱1,655.7 3 million as at December 31, 2021.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were ₱5,868.7 million as at December 31, 2022, a 35% increase from consolidated current portion of trade and other receivables of ₱4,351.3million as at December 31, 2021.

Inventories

The Company's consolidated inventories were ₱46,721.3 million as at December 31, 2022, an increase of 5% from consolidated inventories of ₱41,704.8 million as at December 31, 2021. The increase was due mainly to work in progress inventories related to high rise building project in Urban Deca Homes Manila, Urban Deca Homes Ortigas, Urban Deca Tower Cubao and Urban Deca Homes Commonwealth.

Due from related parties

The Company's consolidated due from related parties were ₱2,044.61 million as at December 31, 2022, an increase of 7% from consolidated due from related parties of ₱1,329.1million as at December 31, 2021.

Other current assets

The Company's consolidated other current assets were ₱5,532.3 million as at December 31, 2022, an increase of 7% from consolidated other current assets of ₱5,175.2 million as at December 31, 2021, primarily due to increased advances to contractors in relation to construction of the Company's development projects.

Trade and other receivables – net of current portion

The Company's consolidated trade and other receivables – net of current portion were ₱38,035.2 million as at December 31, 2022, an increase from consolidated trade and other receivables – net of current portion of ₱31,922.0 million as at December 31, 2021.

Property and equipment

The Company's consolidated property and equipment was ₱806.0 million as at December 31, 2022, a decrease of 1% from consolidated property and equipment of ₱732.3 million as at December 31, 2021.

Investment properties

The Company's consolidated investment properties were ₱321.1 million as at December 31, 2022, a decrease of 6% from consolidated investment properties of ₱341.5 million as at December 31, 2021.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱426.0 million as at December 31, 2022, an increase of 7% from consolidated other noncurrent assets of ₱449.6million as at December 31, 2021.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were ₱8,786.0 million as at December 31, 2022, a decrease of 4% from consolidated current portion of trade and other payables of ₱9,182.0 million as at December 31, 2021.

Current portion of loans payable

The Company's consolidated current portion of loans payable were ₱20,654.3 million as at December 31, 2022, an increase of 16% from the consolidated current portion of loans payable of ₱17,818.4 million as at December 31, 2021.

Deposits from customers

The Company's consolidated deposits from customers were ₱1,064.9 million as at December 31, 2022, a slight increase from consolidated deposits from customers of ₱875.9 million as at December 31, 2021.

Due to related parties

The Company's consolidated due to related parties was ₱289.5 million as of December 31, 2022, an increase from consolidated due to related parties of ₱81.9 million as at December 31, 2021.

Income tax payable

The Company's consolidated income tax payable was ₱60.6 million as of December 31, 2022, an increase from consolidate income tax payable of ₱50.4 million as at December 31, 2021.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables – net of current portion was ₱938.6 million as of December 31, 2022, an increase from consolidated trade and other payables – net of current portion of ₱934.1 million as at December 31, 2021.

Loans payable - net of current portion

The Company's consolidated loans payable – net of current portion was ₱21,325.0 million as of December 31, 2022, an increase from consolidated loans payable – net of current portion of ₱12,050.8 million as of December 31, 2021. The Company entered into additional loan transactions during the course of the year to fund its installment contract receivables under the CTS Financing program as well as construction of its high rise projects.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱1,560.8 million as at December 31, 2022, an increase from consolidated deferred tax liability of ₱1,112.7 million as at December 31, 2021. This deferred tax liability was attributable to provision for income tax resulting from the delay in the income tax holiday accreditation for certain Company projects. Accreditation for these projects have since been obtained.

As at December 31, 2021 compared to as at December 31, 2020

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were ₱1,655.7 million as at December 31, 2021, an increase of 37% from consolidated cash on hand and in banks of ₱1,209.3 million as at December 31, 2020.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were ₱4,351.3 million as at December 31, 2021, a 42% increase from consolidated current portion of trade and other receivables of ₱3,064.8 million as at December 31, 2020.

Inventories

The Company's consolidated inventories were ₱41,704.8 million as at December 31, 2021, an increase of 5% from consolidated inventories of ₱39,812.0 million as at December 31, 2020. The increase was due mainly to work in progress inventories related to high rise building project in Urban Deca Homes Manila, Urban Deca Homes Ortigas, Urban Deca Tower Cubao and Urban Deca Homes Commonwealth.

Due from related parties

The Company's consolidated due from related parties were ₱1,329.1 million as at December 31, 2021, an increase of 11% from consolidated due from related parties of ₱1,194.6 million as at December 31, 2020.

Other current assets

The Company's consolidated other current assets were ₱5,175.2 million as at December 31, 2021, an increase of 26% from consolidated other current assets of ₱4,117.3 million as at December 31, 2020, primarily due to increased advances to contractors in relation to construction of the Company's development projects.

Trade and other receivables – net of current portion

The Company's consolidated trade and other receivables – net of current portion were ₱31,922.0 million as at December 31, 2021, an increase from consolidated trade and other receivables – net of current portion of ₱25,838.7 million as at December 31, 2020.

Property and equipment

The Company's consolidated property and equipment was ₱732.3 million as at December 31, 2021, a decrease of 1% from consolidated property and equipment of ₱739.3 million as at December 31, 2020.

Investment properties

The Company's consolidated investment properties were ₱341.5 million as at December 31, 2021, a decrease of 2% from consolidated investment properties of ₱348.0 million as at December 31, 2020.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱449.6 million as at December 31, 2021, an increase of 7% from consolidated other noncurrent assets of ₱419.8 million as at December 31, 2020.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were ₱9,182.0 million as at December 31, 2021, an increase of 71% from consolidated current portion of trade and other payables of ₱5,362.3 million as at December 31, 2020.

Current portion of loans payable

The Company's consolidated current portion of loans payable were ₱17,818.4 million as at December 31, 2021, a decrease of 10% from the consolidated current portion of loans payable of ₱19,742.4 million as at December 31, 2020.

Deposits from customers

The Company's consolidated deposits from customers were ₱875.9 million as at December 31, 2021, a slight increase from consolidated deposits from customers of ₱858.9 million as at December 31, 2020.

Due to related parties

The Company's consolidated due to related parties were ₱81.9 million as at December 31, 2021, a decrease from consolidated due to related parties of ₱233.5 million as at December 31, 2020.

Income tax payable

The Company's consolidated income tax payable was ₱50.4 million as at December 31, 2021, a decrease from consolidate income tax payable of ₱74.5 million as at December 31, 2020.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables – net of current portion were ₱934.1 million as at December 31, 2021, an increase from consolidated trade and other payables – net of current portion of ₱926.1 million as at December 31, 2020.

Loans payable - net of current portion

The Company's consolidated loans payable – net of current portion was ₱12,050.8 million as at December 31, 2021, an increase from consolidated loans payable – net of current portion of ₱11,470.5 million as at December 31, 2020. The Company entered into additional loan transactions during the course of the year to fund its installment contract receivables under the CTS Gold program as well as construction of its high rise projects.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱1,112.7 million as at December 31, 2021, an increase from consolidated deferred tax liability of ₱880.5 million as at December 31, 2020. This deferred tax liability was attributable to provision for income tax resulting from the delay in the income tax holiday accreditation for certain Company projects. Accreditation for these projects have since been obtained.

As at December 31, 2020 compared to as at December 31, 2019

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were ₱1,209.3 million as at December 31, 2020, an increase of 16% from consolidated cash on hand and in banks of ₱1,043.4 million as at December 31, 2019.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were ₱3,064.8 million as at December 31, 2020, a 17% decrease from consolidated current portion of trade and other receivables of ₱3,685.4 million as at December 31, 2019.

Inventories

The Company's consolidated inventories were ₱39,812.0 million as at December 31, 2020, an increase of 7% from consolidated inventories of ₱37,046 million as at December 31, 2019. The increase was due mainly to the reclassification of lands previously classified as held for future development to inventories subsequent to the commencement of construction of development projects on such land, and work in progress inventories related to high rise building project in Urban Deca Homes Manila and Urban Deca Homes Ortigas.

Due from related parties

The Company's consolidated due from related parties were ₱1,194.6 million as at December 31, 2020, an increase of 20% from consolidated due from related parties of ₱996.5 million as at December 31, 2019.

Other current assets

The Company's consolidated other current assets were ₱4,117.3 million as at December 31, 2020, an increase of 3% from consolidated other current assets of ₱4,014.2 million as at December 31, 2019, primarily due to increased advances to contractors in relation to construction of the Company's development projects.

Trade and other receivables – net of current portion

The Company's consolidated trade and other receivables – net of current portion were ₱25,838.7 million as at December 31, 2020, an increase from consolidated trade and other receivables – net of current portion of ₱18,179.9 million as at December 31, 2019.

Property and equipment

The Company's consolidated property and equipment was ₱739.3 million as at December 31, 2020, a decrease of 7% from consolidated property and equipment of ₱796.5 million as at December 31, 2019.

Investment properties

The Company's consolidated investment properties were ₱348.0 million as at December 31, 2020, a decrease from consolidated investment properties of ₱353.7 million as at December 31, 2019.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱419.8 million as at December 31, 2020, an increase from consolidated other noncurrent assets of ₱368.8 million as at December 31, 2019.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were ₱5,362.3 million as at December 31, 2020, a decrease of 2% from consolidated current portion of trade and other payables of ₱5,488.8 million as at December 31, 2019.

Current portion of loans payable

The Company's consolidated current portion of loans payable were ₱19,742.4 million as at December 31, 2020, an increase of 72% from the consolidated current portion of loans payable of ₱11,503.3 million as at December 31, 2019.

Deposits from customers

The Company's consolidated deposits from customers were ₱858.9 million as at December 31, 2020, an increase of 27% from consolidated deposits from customers of ₱673.7 million as at December 31, 2019.

Due to related parties

The Company's consolidated due to related parties were ₱233.5 million as at December 31, 2020, an increase from consolidated due to related parties of ₱82.6 million as at December 31, 2019.

Income tax payable

The Company's consolidated income tax payable was ₱74.5 million as at December 31, 2020, a decrease from consolidate income tax payable of ₱76.1 million as at December 31, 2019.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables – net of current portion were ₱926.1 million as at December 31, 2020, a decrease from consolidated trade and other payables – net of current portion of ₱990.0 million as at December 31, 2019.

Loans payable - net of current portion

The Company's consolidated loans payable – net of current portion was ₱11,470.5 million as at December 31, 2020, an increase from consolidated loans payable – net of current portion of ₱6,461.1 million as at December 31, 2019. The Company entered into additional loan transactions during the course of the year to fund its installment contract receivables under the CTS Gold program as well as construction of its high rise projects.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱880.5 million as at December 31, 2020, a decrease from consolidated deferred tax liability of ₱919.6 million as at December 31, 2019. This deferred tax liability was attributable to provision for income tax resulting from the delay in the income tax holiday accreditation for certain Company projects. Accreditation for these projects have since been obtained.

Liquidity and Capital Resources

The Company mainly relies on the following sources of liquidity: (1) cash flow from operations, (2) cash generated from the sale or transfer of receivables to private financial institutions such as banks or to government housing related institutions such as the Home Development Mutual Fund ("Pag-IBIG"), and (3) financing lines provided by banks. The Company knows of no demands, commitments, events, or uncertainties that are reasonably likely to result in a material increase or decrease in liquidity. The Company is current on all of its loan accounts, and has not had any issues with banks to date. The Company does not anticipate having any cash flow or liquidity problems over the next 12 months. The Company is not in breach or default on any loan or other form of indebtedness.

The Company expects to meet its operating assets and liabilities, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from its operating cash flows, borrowings and proceeds of the Primary Offer. It may also from time to time seek other sources of funding, which may include debt or equity financings, depending on its financing needs and market conditions.

Cash Flows

The following table sets forth selected information from the Company's consolidated statements of cash flows for the periods indicated:

	For the years ended December 31,		
	2022	2021	2020
	in million pesos		
Net cash from (used in) operating activities	**(3,106.79)**	**2,367.37**	**(3,184.98)**
Net cash provided by (used in) investing activities	**(1,148.21)**	**(268.69)**	**(580.74)**
Net cash provided by (used in) financing activities	**4,026.42**	**(1,652.28)**	**3,931.62**
Net increase (decrease) in cash on hand and in banks	**(228.58)**	**446.40**	**165.90**

Cash on hand and in banks at beginning of year	**1,655.74**	**1,209.34**	**1,043.44**
Cash and cash equivalents of newly acquired subsidiary	**55.07**	**-**	**-**
Cash on hand and in banks at end of year	**1,482.23**	**1,655.74**	**1,209.34**

Cash flow used in operating activities

The revenue generated from its operations, primarily the sale of residential housing units, subdivision lots and MRB condominium units, primarily affects the Company's consolidated net cash used in operating activities. The Company's consolidated net cash used in operating activities was ₱3,106.79 million for the year ended December 31, 2022, and consolidated net cash used in operating activities were ₱2,367.37 million, for the year ended December 31, 2021.

Cash flows used in investing activities

Consolidated net cash flow used in investing activities for the years ended December 31 ,2022 and 2021 were ₱1,148.21 million and ₱268.69 million, respectively.

For the year ended December 31, 2022, consolidated net cash flow used in investing activities reflected acquisitions of, business, investments, property , equipment and purchase of investment properties.

Cash flow provided by financing activities

Consolidated net cash flow provided by financing activities for the year ended December 31, 2022 was at ₱4,026.4 million while net cash flow used in financing activities for the year ended December 31, 2021 were 1,652.3 million.

For the year ended December 31, 2022, consolidated net cash flow provided by financing activities was attributable mainly to the proceeds from the Company's availment of loans during the year.

Key Performance Indicators

The table below sets forth key performance indicators for the Company for the years ended December 31, 2022 and 2021.

Key Performance Indicators	As of December 31. 2022 Unaudited	As of December 31. 2021 Unaudited
Current Ratio	2.00	1.88
Book Value Per Share	8.76	8.27
Debt to Equity Ratio	1.12	0.93
Net Debt to Equity Ratio	0.83	0.61
Asset to Equity Ratio	2.12	1.93
Asset to Debt Ratio	1.89	2.07
Debt Service Ratio	1.73	1.70
Interest Coverage Ratio	4.02	4.13

Debt Obligations and Facilities

As of December 31, 2021, the Company's total outstanding indebtedness was ₽31.9 billion, comprised of various short-term and long-term loans mainly from local banks, notes and bonds payable, with interest rates ranging from 4.05% to 7.0% per annum in 2020. The Company's interest rates are either subject to annual repricing or at variable rates. The Company's loans payable have maturities ranging from three months to five years, and are typically secured by receivables under its CTS In-house financing program, land held for future development, inventories and various properties of the Company.

Acceleration of Financial Obligations

There are no known events that could trigger a direct or contingent financial obligation that would have a material effect on the Company's liquidity, financial condition and results of operations.

Off Balance Sheet Arrangements

As of the date of this report, the Company has no material off-balance sheet transactions, arrangements, and obligations. The Company also has no unconsolidated subsidiaries.

Income or Losses Arising Outside of Continuing Operations

The Company has no sources of income or loss coming from discontinued operations. All of its Subsidiaries are expected to continue to contribute to the Company's operating performance on an ongoing basis and/or in the future.

Qualitative and Quantitative Disclosure of Market Risk

Credit Risk

The Company is exposed to credit risk from its in-house financing program. Credit risk is the risk of loss that may occur from the failure of a customer to abide by the terms and conditions of the customer's financial contract with the Company, principally the failure to make required payments on amounts due to the Company. The Company attempts to mitigate credit risk by measuring, monitoring and managing the risk for each customer seeking to obtain in-house financing. The Company has a structured and standardized credit approval process, which includes conducting background and credit checks on prospective buyers using national credit databases and, where feasible, conducting physical verification of claims regarding residences and properties owned. From time to time, the Company utilizes its receivables rediscounting lines with banks and other financial institutions with its contracts receivables as collateral ("with recourse" transactions) and/or sells installment contract receivables on a "without recourse" basis.

Liquidity Risk

The Company faces the risk that it will not have sufficient cash flows to meet its operating requirements and its financing obligations when they come due.

To better manage its liquidity risk as well as improve its cash conversion cycle, the Company currently has take-out arrangements with HDMF where it will migrate its receivables under the CTS In-house financing program to HDMF's housing loan program for its members. For 2021, the Company has successfully migrated ₱6 billion worth of receivables to HDMF. Also, in 2022, the Company continued the accreditation of its projects with various banks for its housing loan program.

In addition, the Company also pursues various sustainable strategies to better manage its liquidity profile. These include the sale to institutions (such as banks or government housing agencies).

Interest Rate Risk

Fluctuations in interest rates could negatively affect the margins of the Company in respect of its sales of receivables and could make it more difficult for the Company to procure new debt on attractive terms, or at all. The Company currently does not, and does not plan to, engage in interest rate derivative or swap activity to hedge its exposure to increases in interest rates.

Fluctuations in interest rates also have an effect on demand for the Company's products. As most of the Company's customers obtain some form of financing for their real estate purchases, interest rate levels could affect the affordability and desirability of the Company's subdivision lots and housing and condominium units.

Commodity Risk

As a property developer, the Company is exposed to the risk that prices for construction materials used to build its properties (including, among others, cement and steel) will increase. These materials are global commodities whose prices are cyclical in nature and fluctuate in accordance with global market conditions. The Company is exposed to the risk that it may not be able to pass its increased costs to its customers, which would lower the Company's margins. The Company does not engage in commodity hedging, but attempts to manage commodity risk by requiring its construction and development contractors to supply raw materials for the relevant construction and development projects (and bear the risk of price fluctuations).

Seasonality

There is no significant seasonality in the Company's sales. Delinquencies on the Company's receivables from homebuyers tend to increase in the months of June and December. During these months, the Company's customers' cash flows are impacted by the need to make tuition payments in June for their children's schooling and by Christmas Holiday-related expenditures in December. The Company mitigates this seasonality in collections by instituting credit and collection policies that encourage homebuyers to prioritize their amortization payments to the Company over other expenditures. These include incentives (i.e. vouchers for school supplies or Christmas season shopping at local stores that are given to homebuyers who are timely in their amortization payments) and remedial measures (i.e. fines for late amortization payments). For the most part, any spikes in delinquencies in June and December normalize in the succeeding month or two as homebuyers catch up on their payments.

II. Properties

The following table summarizes the various real estate properties owned by the Company not intended for use as the site of future projects as of December 31, 2022:

Subsidiary and Property Description	Location	Present Use	Mortgages
8990 Housing Development Corp.			
8990 Corporate Center	Negros St., Cebu Business Park, Cebu City	The three-storey building sits on a property owned by L and D Realty Corp, and affiliate of the Company. It is used as the headquarters of 8990 Housing. A portion of the ground floor and some areas of the 3rd floor are leased out.	None
8990 Corporate Center	E. Quirino Ave., Davao City	The four-storey building serves asthe Company's Davao branch. Some portions ofthe ground floor, the 3rd floor and the	None

				4^{th} floor are leasedout.		
3-hectare resort with the following amenities: clubhouse, swimming pool, basketball courts,mini soccer filed and fishing lake.		Tacuman, Davao City		Serves as additional amenities for the subdivision residents.		None
7-hectare Wakeboard Park		Mintal, Davao		Wakeboard park with other amenities presently leased to Session Park		None
8990 Luzon						
12-hectare Wakeboard Park		Margot, Pampanga		Wakeboard park with other amenities presently leased to Session Park		None
8990 Holdings, Inc. Adriatico Office		Malate, Manila		The two-storey building serves as the Company's Manila office. It is currently servicing buyers of UDH Manila and eventually upcoming NCR projects.		None

None of the foregoing properties is subject to mortgage or lien, or any limitation to use and ownership.

As of date, the Company does not have current plans to acquire additional properties (other than for use for future projects) in the next twelve (12) months.

The following table summarizes the various real estate properties leased by the Company:

<table>
<tr><th></th><th>Name of Lessee</th><th>Monthly Rental (₱)</th><th>Term</th><th>Company</th></tr>
<tr><td rowspan="5">1</td><td rowspan="5">LFM Properties Corporation</td><td>80,550.40</td><td>8/1/2012-7/31/2013</td><td rowspan="5">HDC</td></tr>
<tr><td>84,577.92</td><td>8/1/2013- 7/31/2015</td></tr>
<tr><td>88,807.04</td><td>8/1/2015-7/31/2016</td></tr>
<tr><td>93,246.72</td><td>8/1/2016-7/31/2017</td></tr>
<tr><td>97,909.28</td><td>8/1/2017-7/31/2018</td></tr>
</table>

		103,783.68	8/1/2018-7/31/2019	
		110,010.88	8/1/2019-7/31/2020	
		116,611.04	8/1/2020-7/31/2021	
		104,117.00	8/1/2021-7/31/2022	Holdings
		110,364.00	8/1/2022-7/31/2023	
		116,986.00	8/1/2023-7/31/2024	
		70,029.48	4/21/2019-4/20/2020	
		59,400.00	3/20/2020-2/19/2021	
2	**SM Arena Complex Corporation**	840,000.00	6/22/2013-6/22/2014	HDC
		840,000.00	6/22/2015-6/22/2016	
		840,000.00	6/22/2016-6/22/2017	
		840,000.00	6/22/2017-6/22/2018	
		840,000.00	6/22/2018-6/22/2019	
		886,666.67	6/22/2019-6/22/2020	Genvi
		791,666.67	6/27/2022 – 6/26/2023	
3	**Philippine General Merchandise Corporation (2nd Floor)**	12,678.75	4/1/2005-3/31/2007	HDC/FHI
		14,212.27	4/1/2007-3/31/2008	
		51,075.92	4/1/2008-3/31/2009	
		56,183.50	4/1/2009-9/30/2009	
		118,309.68	6/1/2009-11/30/2009	
		124,225.17	6/1/2010-5/30/2011	
		136,253.04	9/1/2010-8/31/2011	
		149,878.34	9/1/2011-8/31/2012	
		164,866.18	9/1/2013-8/31/2015	

		180,320.00 53	9/1/2015-8/31/2017	
		198,352.00	9/1/2017-8/31/2019	
		198,352.00	9/1/2019-8/31/2021	
		198,352.00	9/1/2021-8/31/2023	
4	**Philippine General Merchandise Corporation** (3rd Floor)	49,580.44	7/1/2015-7/1/2016	HDC/FHI
		159,600.00	7/1/2016-6/30/2018	
		173,040.00	7/1/2018-6/30/2020	
		173,040.00	7/1/2020-6/30/2022	
		180,723.00	6/1/2022-5/31/2024	
5	**Philippine General Merchandise Corporation** (5th Floor)	176,960.00	2/1/2018-3/31/2020	HDC
		176,960.00	2/1/2020-3/31/2022	
		184,468.00	6/1/2022-5/31/2024	
6	**Philippine General Merchandise Corporation** (Mezzanine)	77,040.00	6/1/2021-6/1/2022	HDC
7	**Iloilo New Life Commercial Inc.** (Mezzanine)	67,200.00	7/15/2017-01/14/2019	HDC
		67,200.00	1/15/2019-1/14/2020	
		67,200.00	1/15/2020-1/14/2021	
		60,000.00	1/15/2021-1/15/2022	
		60,000.00	1/16/2022-1/15/2023	
8	**Iloilo New Life Commercial Inc.** (Door 2)	23,520.00	8/1/2017-7/31/2018	HDC
		23,520.00	8/1/2018-7/31/2019	
		23,520.00	8/1/2019-7/31/2020	
		23,520.00	8/1/2020-7/31/2021	
		21,000.00	8/1/2021-7/31/2022	
		21,000.00	8/1/2022-7/31/2023	

9	**Iloilo New Life Commercial Inc.** (Door 3)	23,520.00	7/1/2017-6/30/2018	HDC
		23,520.00	7/1/2018-6/30/2019	
		23,520.00	7/1/2019-6/30/2020	
		23,520.00	7/1/2020-6/30/2021	
		21,000.00	7/1/2021-6/30/2022	
		21,000.00	7/1/2022-6/30/2023	
10	**Priscilla Mae Animas**	28,880.00	4/1/2019-3/31/2021	HDC
		30,208.00	4/1/2021-3/31/2023	
11	**Otropunto Corp. (Ground Floor)**	61,068.00	1/16/2016-1/15/2018	HDC
		67,175.02	1/16/2018-7/15/2018	
		67,175.02	7/16/2018-7/15/2019	
		67,175.02	7/16/2019-7/16/2020	
		67,175.02	7/16/2020-7/16/2021	
		64,176.12	7/16/2021-7/16/2022	
		70,982.47	7/16/2022-7/16/2023	
12	**Otropunto Corp. (2nd Floor)**	15,736.49	7/14/2021-7/16/2022	HDC
		17,453.19	7/16/2022-7/16/2023	
13	**Otropunto Corp. (3rd Floor)**	17,976.00	7/16/2022-7/16/2023	HDC
14	**Calsado Enterprises**	32,423.16	6/5/2016-6/4/2017	HDC
		32,423.16	6/5/2017-6/4/2018	
		33,896.95	6/5/2018-6/4/2019	
		17,997.40	8/5/2019-8/4/2020	
		17,997.40	8/5/2020-8/4/2021	
		18,471.16	8/5/2021-8/4/2022	
15	**Rosalinda M. Amit**	13,000.00	11/11/2021-11/11/2022	HDC
16	**Greencove Enterprise, Inc (Ground Floor)**	104,500.00	3/20/2021-3/20/2026	HDC
17	**Greencove Enterprise, Inc (Third Floor)**	84,000.00	4/19/2021-3/20/2026	HDC

19	**Simed and Company Inc.(501)**	13,500.00	5/15/2021- 5/14/2022	HDC
20	**Simed and Company Inc. (503-504)**	18,238.50	5/15/2021- 5/14/2022	HDC

III. Market for Registrant's Common Equity and Related Stockholder Matters

Market Information

The Company has outstanding 5,517,990,720 common shares. All common shares are listed and traded principally on the Philippine Stock Exchange, Inc. ("PSE") as of May 31, 2023. The closing price as of May 31, 2023 is Php 9.11 per share.

The Company's Common Shares are listed and traded on the PSE under the symbol "HOUSE." Below are the high and low sale prices for the first two quarters of 2023:

	2023		
	High	Low	Close
1Q2023	9.80	9.00	9.01
2Q2023	9.75	8.7	9.24

The following are the quarterly high and low prices, as well as the closing price of the company's shares traded at the Philippines Stock Exchange, Inc. for the last five (5) years:

	2022			2021			2020			2019			2018		
	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
1st	14.00	10.32	13.86	8.24	7.00	7.07	14.86	11.96	11.96	13.44	8.23	12.84	7.22	6.06	6.60
2nd	13.88	10.00	10.18	7.69	7.11	7.32	12.00	9.61	9.71	16.28	12.90	15.50	7.64	6.42	7.36
3rd	10.90	9.10	10.58	9.50	7.02	9.21	9.86	6.72	6.72	15.86	15.04	15.04	7.49	7.10	7.28
4th	10.86	9.21	9.86	11.92	9.20	11.28	8.30	8.02	8.24	15.06	14.62	14.74	8.10	7.00	8.10

Holders

The Company has 36 stockholders of record as of 31 May 2023. The following are the list of the top twenty (20) stockholders of the Company as of 31 May 2023:

Rank	Name of stockholder	Nature of shares	Number of shares	Percentage
1	IHOLDINGS, INC.	Common	2,524,367,002	45.75%
2	PCD NOMINEE CORPORATION (FILIPINO)	Common	1,459,903,584	26.46%
3	KWANTLEN DEVELOPMENT CORPORATION	Common	926,325,018	16.79%
4	LUIS N. YU, JR.	Common	258,099,322	04.68%
5	MARIANO D. MARTINEZ	Common	168,916,767	03.06%
6	UNIDO CAPITAL HOLDINGS INC.	Common	160,549,600	02.91%
7	PCD NOMINEE CORPORATION (NON-FILIPINO)	Common	9,149,430	00.17%
8	HILDA L. UY	Common	5,000,000	00.09%
9	MARIA LINDA BENARES MARTINEZ	Common	2,000,000	00.04%
10	DANIELLA MARIE ISABELLE DE LUNA UY	Common	1,000,000	00.02%
11	GIANNINA MARIE CLAIRE DE LUNA UY	Common	1,000,000	00.02%
12	JULIANNA MARIE ANGELINE DE LUNA UY	Common	1,000,000	00.02%
13	ANTHOLIN TAN MUNTUERTO	Common	300,000	00.01%
14	MARK WERNER JUECO ROSAL	Common	200,000	00.00%
15	NICOLAS CATALYA DIVINAGRACIA	Common	100,000	00.00%
16	MA. CHRISTMAS RENIVA NOLASCO	Common	11,500	00.00%
17	IAN NORMAN E. DATO	Common	5,001	00.00%
18	HECTOR ABLANG SANVICTORES	Common	2,000	00.00%
19	STEPHEN G. SOLIVEN	Common	1,500	00.00%
20	JESUS SAN LUIS VALENCIA	Common	300	00.00%
TOTAL ISSUED AND OUTSTANDING			5,517,931,024	**100%**

Dividend History

Listed below are the cash dividends declared and/or paid by theCompany.

Common Shares

Declaration Date: November 3, 2021
Record date: November 17, 2021
Payment date: December 10, 2021

Preferred Shares

5.50% per share
Declaration Date: February 24, 2022
Record date: January 27, 2023
Payment date: February 10, 2023

6.0263% per share
Declaration Date: February 17, 2022
Record date: February 28, 2022
Payment date: March 1, 2022

6.0263% per share
Declaration Date: February 17, 2022
Record date: May 18, 2022
Payment date: June 1, 2022

6.0263% per share
Declaration Date: February 17, 2022
Record date: August 18, 2022
Payment date: September 1, 2022

6.0263% per share
Declaration Date: February 17, 2022
Record date: November 17, 2022
Payment date: December 1, 2022

5.50% per share
Declaration Date: February 17, 2022
Record date: April 26, 2022
Payment date: May 10, 2022

5.50% per share
Declaration Date: February 17, 2022
Record date: July 27, 2022
Payment date: August 10, 2022

5.50% per share
Declaration Date: February 17, 2022
Record date: October 24, 2022
Payment date: November 10, 2022

5.50% per share
Declaration Date: February 24, 2021
Record date: October 29, 2021
Payment date: November 10, 2021

5.50% per share
Declaration Date: February 24, 2021
Record date: July 30, 2021

Payment date: August 10, 20215.50% per share
Declaration Date: February 24, 2021
Record date: April 30, 2021
Payment date: May 10, 2021

6.0263% per share
Declaration Date: February 16, 2021
Record date: November 18, 2021
Payment date: December 1, 2021

6.0263% per share
Declaration Date: February 16, 2021
Record date: August 18, 2021
Payment date: September 1, 2021

6.0263% per share
Declaration Date: February 16, 2021
Record date: May 18, 2021
Payment date: June 1, 2021

6.0263% per share
Declaration Date: February 16, 2021
Record date: February 28, 2021
Payment date: March 1, 2021

IV. COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

The Company's Articles of Incorporation, Amended By-Laws, Manual on Corporate Governance ("CG Manual"), together with the respective charters of its Board of Directors and the Board Committees, as well as its company policies, incorporate the principles and best practices of corporate governance embodied in the Revised Corporation Code of the Philippines and the corporate governance-related issuances of the SEC and the PSE. The inclusion of good governance principles in the foregoing documents, and the adoption of the best practices of corporate governance company-wide, highlight 8990's commitment to observing the highest standards of corporate governance.

The Board spearheads the promotion and observance of good corporate governance. In line with the principles and recommendations under the SEC's MC No. 19, Series of 2016, or the Code of Corporate Governance for Publicly-Listed Companies ("CG Code"), the Board has approved the adoption of the Company's key Board charters to guide its members in the Board's oversight functions.

In compliance with prevailing SEC regulations and the PSE's disclosure rules, the Company's structured and unstructured disclosures and other information, as well as its Articles of Incorporation, By-Laws, CG Manual, the Board and the Board Committee Charters are accessible by investors and the general public through the Company's website and portal in PSE EDGE.

From the effectivity of its CG Manual to the date of this report, there is no known material deviation by the Company from its CG Manual.

In accordance with the CG Manual, the Board, together with Management, conducted annual trainings on corporate governance for 2022. The Board and 8990's key executive officers attend compliance and governance trainings by leading service providers to ensure that they are aligned with the developments in and/or best practices on good corporate governance and financial reporting.

The Company's Board has also conducted annual self-evaluation exercises to assess and evaluate their respective performance in the governance roles they have been entrusted with. The Company submits its Integrated Annual Corporate Governance Report (I-ACGR) annually, and has submitted its I-ACGR for 2022 on May 30, 2023.

Annex "E"

COVER SHEET

C S 2 0 0 5 1 1 8 1 6

S.E.C. Registration Number

8 9 9 0 H O L D I N G S , I N C .

(Company's Full Name)

1 1 F L I B E R T Y C E N T E R, 1 0 4 H V D E L A

C O S T A, S A L C E D O V I L L A G E, M A K A T I

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

Roan Buenaventura-Torregoza
Compliance Officer
Contact Person/s

(632) 4789659/5333915/5333917
Company Telephone Number

1	2		3	1

Month Day
Calendar Year

SEC Form 17-A
December 31, 2022

FORM TYPE

0	8		2	7

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

33
Total No. of Stockholders

30
Domestic

3
Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

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, 2022 (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
Common	**5,391,399,020**
Preferred Shares	**37,000,000**

- 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**

Name of Stock Exchange: **Philippine Stock Exchange**
Class of Securities Listed: **Preferred 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)**

TABLE OF CONTENTS

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Business Development

8990 Holdings, Inc. ("The Company") is the top property developer in the Philippines for 2015, 2016, and 2017, in terms of take-out value from the HDMF. The Company, through its Subsidiaries, has been developing Mass Housing Projects in high-growth areas across the Visayas, Mindanao and Luzon since 2003. In doing so, the Company has benefited significantly from the industry experience of its principals who, prior to the establishment of the Company's Subsidiaries and through certain 8990 Related Companies, developed their first Mass Housing project in 1991 in Cagayan de Oro. 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, Urban DECA Homes, and Urban DECA Towers brands have also gained a strong reputation in the market, resulting in the Company garnering numerous awards such as BCI Asia Top 10 Developers in 2019, Best Low Cost Housing Developer (National) awarded last March 2017 by Q Asia's Seal of Product and Quality Service, Top 10 Developers in the Philippines in 2015 & 106 by BCI Asia, 2016 Outstanding Developer Low Rise Mass Housing by FIABCI-Philippines, 2015 Best Mid-Cap Firm in the Philippines by Finance Asia, and 2015 Prestigious Seal Awardee for Best Developer in Low-Cost Housing by Gawad Sulo Foundation. As of December 31, 2020, the Company has completed 58 Mass Housing projects and is developing another 20 Mass Housing, MRB and high-rise projects. Across these completed and ongoing projects, the Company has, since 2003, delivered 74,674 units, with approximately 49,000 additional units available for development and sale from ongoing projects. The Company also has an identified pipeline of three (3) projects which commenced in 2020 and which in total are expected to provide approximately 11,500 units available for sale. Licenses to Sell of the two out of the three projects for launching have been secured, to date.

The Company believes that its industry experience has equipped it with the ability to understand the 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 Gold 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 Gold program is further strengthened by the Company's strong relationship with Pag-IBIG, the primary Government agency providing housing financial assistance to Filipinos through the long-established Pag-IBIG housing loan program. The Company has structured the CTS Gold program, in particular the CTS Gold Convertible product, such that the requirements for such product generally mirror the requirements for availing of a Pag-IBIG home loan. This essentially facilitates the take-up by Pag-IBIG of such loans upon application for 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 and 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 also 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 MRB condominium projects. The Company's first MRB Mass Housing project started in Cebu in 2012. Similar MRB projects in Metro Manila started in 2015. The Company plans to develop other MRB projects in other urban areas.

The Company has ventured into high-rise condominium projects in the highest density urban areas of Metro Manila. The buildings are intended to 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 between their places of work and homes in the outlying neighborhoods of Metro Manila, resulting in savings in transportation time and costs that would accrue to the condominium unit residents.

In 2018, 2019, and 2020, the Company recorded consolidated revenues amounting to ₱11,525.6 million, ₱15,400.5 million, and ₱14,233.5 million, respectively, with resulting net income of ₱4,810.4 million, ₱5,862.8 million, and ₱4,831.9 million, respectively.
24,872.853,159.19December 31, 2022
December 31303290December 31The CTS Financing Program is an affordable pricing and payment model designed to cater to customers who do not have the accumulated savings to pay a substantial down payment but have sufficient recurring income to support monthly amortization payments. Under the CTS Financing Program, customers can move into their chosen home after a minimal down payment ranging from 3% to 5% of the total contract price, compared to approximately 10% to 20% equity down payment generally required by other developers. The Company retains ownership of the housing unit until full payment is completed by the buyer. This innovative in-house financing program allows buyers to purchase a property with a small upfront payment, thereby providing accessible housing to demographic groups for which home ownership has traditionally been challenging to attain.

The CTS Financing Program is strengthened by the Company's strong relationship with the HDMF and its Pag-IBIG Fund, the Government's established housing financial assistance program with a statutory mandate to provide assistance for the housing requirements of its members and allot not less than 70% of its investible funds for the deployment of housing loans to qualified buyers. The Company has structured the CTS Financing Program such that the requirements to participate in such in-house financing program generally mirrors the requirements for availing of a Pag-IBIG home loan. This mirroring of requirements facilitates the take-out by Pag-IBIG of such loans when applied for by 8990 buyers, thereby converting the receivables of the Company into cash and reducing the financing and other risks relating to potential buyer defaults.
Industry Experience and Strategic Shareholder Support

The Company has been developing Mass Housing projects in high-growth areas across the Philippines since 2003. In doing so, the Company has benefited significantly from the industry experience of its principals who, prior to the establishment of the Company's Subsidiaries and through certain related companies of 8990, developed their first Mass Housing project in 1991 in Cagayan de Oro.

The Company believes that its industry experience has equipped it with the ability to understand the needs, preferences, means and circumstances of consumers in the Philippine Mass Housing market for which it has gained a reputation of providing quality and affordable homes. Awards recognizing the Company's achievements include the following: PropertyGuru 2021 Best Affordable Condo Development (Metro Manila), PropertyGuru 2021 Best Affordable Condo Development (Southern Luzon), PropertyGuru 2021 Best Affordable Housing Development (Metro Davao), Pag-IBIG Top Property Developer (Visayas and Mindanao) in the first half of 2021 in terms of take-out value from Pag-IBIG, Top Property Developer in the Philippines from 2017 to 2019 in terms of take-out value from Pag-IBIG Best Low Cost Housing Developer (National) in March 2017 by Q Asia's Seal of Product and Quality Service, Top 10 Developers in the Philippines in 2015 & 2016 by BCI Asia, 2016 Outstanding Developer Low Rise Mass Housing by FIABCI-Philippines, 2015 Best Mid-Cap Firm in the Philippines by Finance Asia, and 2015 Prestigious Seal Awardee for Best Developer in Low-Cost Housing by Gawad Sulo Foundation.

In addition, the Company enjoys the support of its strategic shareholders, TPG and Pasir Salak, a subsidiary of Khazanah Nasional Berhad. TPG and Pasir Salak have provided strategic support to the Company through their extensive experience in investing in housing and real property companies across the Asia-Pacific region and their long-term and growth-oriented investment approach. They have provided guidance and insights on strategic planning, financing and capital market planning and business optimization, among others.

Mission and Vision

The Company's mission is to be the most admired Mass Housing developer in terms of industry leadership, price and quality. In providing quality and affordable housing to the Filipino family, the Company conducts its business with integrity, fairness and competence towards its vision to maximize the value it provides to customers, suppliers, investors, shareholders and Philippine society in general.

STRENGTHS AND STRATEGIES

Competitive Strengths

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

Operation in a large, underserved market with significant growth potential

Robust macroeconomic fundamentals in the Philippines is expected to drive demand for the Philippine Mass Housing market. According to Frost & Sullivan, the Philippines' GDP is expected to grow at a compounded annual growth rate ("CAGR") of 5.2% from 2015 to 2025F, driven by sustained public projects, especially under the Government's "Build, Build, Build" initiative, a comprehensive infrastructure development program, private consumption and spending and innovative projects. Prior to the pandemic, the Philippines was one of the fastest-growing economies in Southeast Asia due to its strong household consumption, remittances, and government's extensive spending on infrastructure. The pandemic upended the economy as the country went into a strict lockdown. Growth stalled, and the GDP contracted by (4.1%) in 2020 per the IMF. Recovery was slow in the first three quarters of 2021 as the country continued implementing restrictions and controlling business activities. Only in the fourth quarter of 2021 did the Philippines recover and hit a 7.7% GDP quarterly growth. The Government is optimistic about hitting 6.3% GDP growth in 2022 as it moves to lift restrictions and allow more businesses to open and operate in higher capacity. In addition, a growing and increasingly urbanized population will bolster demand for housing in the long term, especially in large cities such as Metro Manila, Davao City and Cebu City. According to Frost & Sullivan, the urban population amounted to 47% of the total Philippines' population of 110 million in 2020 and is expected to grow 10% from 52 million to 57 million from 2020 to 2025F.

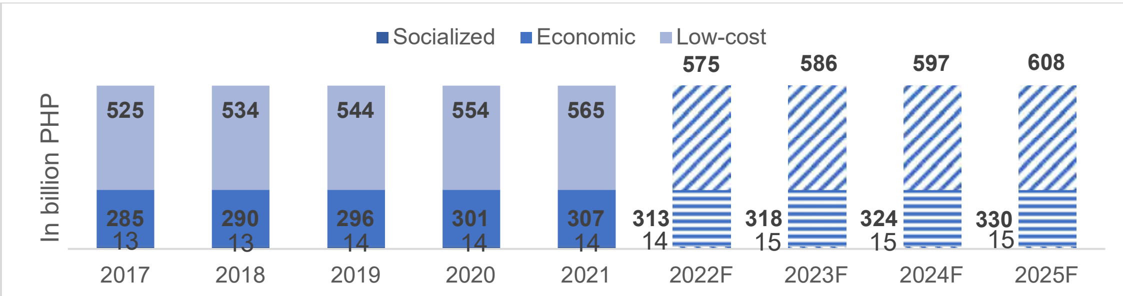
By 2022, total housing need (i.e., the supply-demand gap in the housing market) in the Philippines is expected to reach 6.8 million units, of which 80% is estimated to be within the Mass Housing segment. Frost & Sullivan estimated that, if such housing need is not addressed sooner, total housing needs may reach almost 12.3 million by 2030, of which approximately 85% are in the Mass Housing market (2.7 million are socialized, 6.2 million are economic and 1.5 million are low-cost housing units). Moreover, it was estimated by BSP's Consumer Financial Survey in 2018 that around 71% of the middle-income to low-income Filipino families are renting their houses, signifying a large underserved housing need especially in the affordable housing market.

Figure 1: Combined Housing Segmentation as defined by law and industry

Classification	DHSUD Definition (in ₱)
Socialized Tier 1	₱480,000 below
Socialized Tier 2	₱480,001 – 530,000
Socialized Tier 3	₱530,001 – 580,000
Economic	₱580,001 - 1.75 million
Low Cost	Up to ₱3 million
Mid End	Above ₱3 million to ₱4 million
High End / Open Market	₱4 million and up

Source: DHSUD, 2021; Frost & Sullivan Expert Interviews

Figure 2: Estimated Gross Value of Economic, Low-cost and Socialized Housing Segment, 2017–2025F



Source: Frost & Sullivan

Affordable housing also forms one of the key national priorities of the Government, who has rolled out various initiatives to accelerate the sector's growth across all dimensions. According to Frost & Sullivan, the Government is expected to invest ₱8.4 trillion (US$165 billion) across 2016 to 2022 into various infrastructure projects, benefitting the housing sector by enhancing connectivity to current projects and opening new areas for residential development. The Government has further demonstrated its unwavering commitment towards affordable housing through the rollout of the 20-year National Housing and Urban Development Sector Plan by the National Human Settlements Board ("NHSB") set up by the Department of Human Settlements and Urban Development ("DHSUD") in 2021 to consolidate strategies, plans and programs of the DHSUD, the key shelter agencies, partner-developers and other stakeholders to address the provision of adequate and affordable housing to all Filipinos. According to DHSUB official publication "The Shelter" in December 2020, the DHSUD will be looking into (a) policy reviews and reforms targeting to expedite financing services to the poor and low-income households, (b) exploring Public Rental Housing Policy ("PRHP"), (c) reviewing the price ceiling of socialized subdivision and condominiums, (d) reviewing loan ceiling for economic, low-cost, and medium cost housing, and (e) assessing whether to extend the Rent Control Act of 2020, all of which would likely benefit the affordable housing market.

The Government addresses the affordability of housing for homebuyers through the Pag-IBIG fund, which provides attractive and affordable loans for homebuyers with low interest rate (averaging 5% in 2020), low-income requirement and longer loan term (up to 30 years), according to Frost & Sullivan. They also incentivize private housing developers to provide socialized and economic housing projects through (a) five-year income tax holiday, (b) exemption from capital gains tax and (c) the availment of Pag-IBIG's Developer's Loan Program. Pag-IBIG provides credit facilities to accredited private developers to help them recover its investments and develop housing projects faster while waiting for take-outs of delivered and completed housing loan applications. In 2020, Pag-IBIG has released ₱64 billion (US$1.3 billion) of housing loan proceeds to 63,750 members, wherein 75% were developer-assisted and 25% were retail accounts.

According to Frost & Sullivan, the ongoing COVID-19 pandemic has resulted in a slowdown in the Philippine housing industry as buyers became wary of the uncertainties. Notably, while investment purchases from the up-tier market slowed down, the demand for low-cost housing proved to be more robust. Given that low-cost housing is seen less as an investment and more as a necessity, the market tends to be less prone to market, financial and economic slowdown and more impacted by consumer preferences and trends.

The Company believes that it is well-positioned to capitalize on the growing demand and unmet need for Mass Housing, as well as supportive Government policies in the Philippines, given its leading and differentiated market position in the Mass Housing market, the strong nationwide brand equity of its DECA Homes, Urban DECA Homes, and Urban DECA Towers lines, its working relationship with governmental agencies and its commitment to focus on environmentally sustainable and socially responsible growth.

Market leader with an established track record and well-recognized brands for the underserved Mass Housing segment

The Company is the top Mass Housing developer in the Philippines by Pag-IBIG takeout from 2017 to December 31, 2022, which amounted to ₱24.9 billion.

The Company has been developing Mass Housing Projects in high-growth areas across the Philippines since 2003 and has built a strong reputation of providing a full suite of quality and affordable homes to consumers in the fast-growing Philippine Mass Housing market, through the Company's DECA Homes, Urban DECA Homes, and Urban DECA Towers brands. The Company has also placed an extensive focus on providing affordable housing to demographic groups for which home ownership has been traditionally challenging to attain, as well as creating a sustainable community through amenities that allows residents to live in a safe, healthy and vibrant community.

In recognition of the Company's contribution to the Mass Housing market in the Philippines, the Company has also won numerous prestigious awards such as:

- Best Affordable Condo Development (Metro Manila and Southern Luzon) and Housing Development (Metro Davao) in 2021 by PropertyGuru
- Top Housing Developer in the Philippines from 2017 to 2019 and Top Property Developer in the Visayas and Mindanao regions in the first half of 2021 in terms of take-out value from the Pag-IBIG fund
- Best Low Cost Housing Developer (National) awarded in March 2017 by Q Asia's Seal of Product and Quality Service
- Outstanding Developer Low Rise Mass Housing in 2016 by the International Real Estate Federation in the Philippines ("FIABCI-Philippines")
- BCI Asia Top 10 Developers in 2015 and 2016
- Best Mid-Cap Firm in the Philippines in 2015 by Finance Asia
- Prestigious Seal Awardee for Best Developer in Low-Cost Housing in 2015 by Gawad Sulo Foundation

Driven by its strong commitment to deliver, the Company has completed 65 Mass Housing projects and has 17 ongoing Mass Housing, MRB and HRB projects as of December 2021.

Unique business model positions the Company for long-term leadership in a fragmented and under-penetrated market

The Company believes that it is one of the few scaled, nationwide developers with customer offerings uniquely dedicated to serving the housing needs of the Mass Housing segment. The Company's focus in the socialized, economic and low-cost housing segment in the Philippines allows it to target the large addressable housing market opportunity for lower income groups, with an estimated market size of ₱887 billion (US$17.4 billion) in 2021 by gross value, according to Frost & Sullivan.

The Mass Housing market in the Philippines is highly fragmented, with about 3,000 entities engaged in the housing sector and hundreds of developers, according to Frost & Sullivan. The Company believes that most of its direct competitors are smaller regional developers, with much smaller scale and limited geographical coverage, hence its nationwide scope has allowed it to achieve economies of scale from its operations, thereby offering housing units at more attractive price points compared to its direct competitors.

Further differentiating 8990 is its ability to provide the full value chain required by the Mass Housing market:

- **Land Acquisition**: Actively evaluates attractive land acquisition opportunities nationwide. Key criteria include proximity to areas close to the Company's target customers, including Pag-IBIG members, and its sources of livelihood
- **Customer Screening**: Focus on gainfully employed customers who have significant lifetime earnings potential and are acquiring the Company's developments as their primary residence
- **Construction Technology**: Pre-cast system manufacturing construction technology that allows rapid construction of quality houses
- **In-House Financing**: Accessible in-house financing with a unique combination of attractive upfront equity and affordable monthly payments
- **Strong Pag-IBIG relationship**: Status, track-record and customer screening synchronization with Pag-IBIG allows for continuous and seamless Pag-IBIG take up
- **Credit Collection**: Emphasis on incentivizing a strong repayment behavior through required financial literacy seminars
- **Property Design and Management**: Focused on creating "communities" within each development such as through sports facilities, churches, parks and meeting areas. In addition, the Company provides comprehensive and ongoing support for properties

Pre-cast system manufacturing construction technology driving efficiencies and cost-savings

The Company has continually invested in innovation to update its building processes and minimize waste of 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 in the Philippines, 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 2013 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 15 days with an additional five days for single-storey houses with lofts.

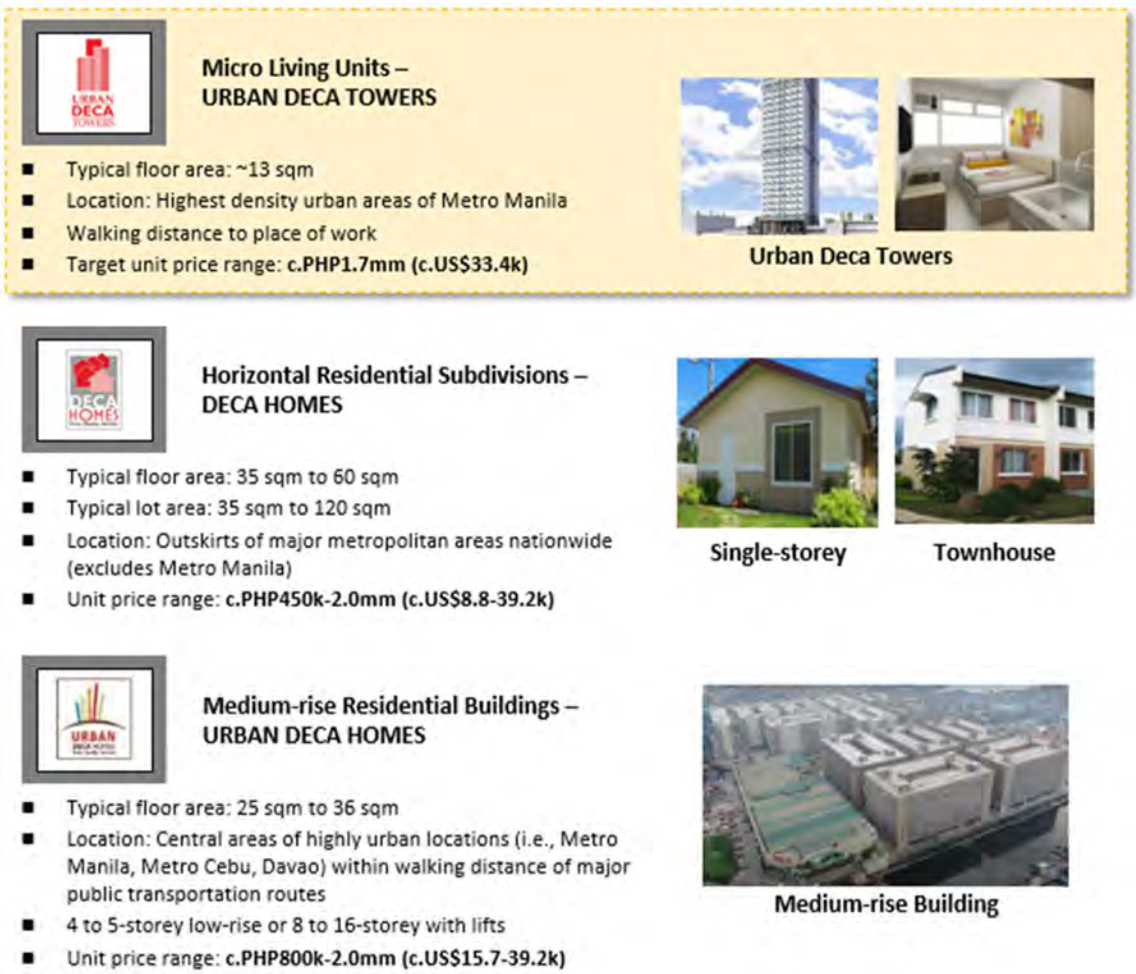
The Company continuously improves and refines this process and has mastered its efficient implementation in the field, allowing for quick turnover and re-deployment of capacity. This construction process is highly scalable leading to highly efficient use of capital and industry-leading returns.

Customer-focused product and payment scheme complemented by effective collection, risk management policies and loan factoring for a rapid capital recycling cycle

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.

For illustration, the Company's housing portfolio includes the following products.

Figure 5: 8990's Product Portfolio



Source: Company Information

Furthermore, the Company's innovative CTS Financing Program typically requires a relatively small upfront payment (normally 3% to 5% of the purchase price of the unit, compared to approximately 10% to 20% equity down payment generally required by other developers). This allows customers to purchase and move into a housing unit without material effect on their savings. Fast and efficient processing under the CTS 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 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 Financing 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. The Company believes that its combination of industry experience, customer selection and comprehensive program to collect, educate and support its customers has resulted in the Company's estimated collection efficiency rate of 94% at the end of 2021. The estimated collection efficiency rate is the amount collected out of the current amount due from a customer. 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 within a year from the time of default.

Further complementing the Company's in-house financing solutions are loan factoring options available that generate additional cash for the Company such as: Migration to Pag-IBIG, Sale of Receivables to Financial Institutions Without Recourse and Partnership with banks after accreditation for loan migration.

Strong relationships with key housing and shelter agencies

The Company, through its Subsidiaries and Principals, Mr. Luis Yu, Jr. (Chairman Emeritus and Founder), Mr. Mariano Martinez, Jr. (Chairman of the Board and Founder) ("the 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 IPP allows each accredited project to enjoy certain tax incentives.

These recognitions demonstrate that the Company has a strong 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 takeout of the Company's contracts-to-sell under its CTS Financing Program. 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.

Committed to integrating ESG-aligned practices across the Company and all projects

The Company places great value on Environmental, Social and Governance ("ESG") standards, as they take pride in conducting its business responsibly. They are committed to ESG standards that help in building a sustainable future for the communities they serve and creating long-term value for all its stakeholders. Accordingly, they have undertaken several initiatives toward this including providing affordable housing and basic infrastructure, promoting gender equality and social equality, pursuing inclusive growth, and maintaining sustainable community and environment.

The Company is also committed to contributing towards achieving the Sustainable Development Goals ("SDGs") adopted by the United Nations Member States in the year 2015. The Company benchmarks and integrates these SDGs with key areas of its business operations. The efforts undertaken by the Company ensure a positive contribution to at least 6 of the 17 SDGs, including: SDG #11: Sustainable Cities and Communities, SDG #10 Reduce inequality, SDG #8 Decent work and Economic Growth, SDG #12 Responsible Consumption and Production, SDG #13 Climate Action, and SDG #15 Life on Land. They actively continue to work on further deepening its impact across these goals and expanding the scope of its influence across other goals, in the pursuit of a win-win for both its business as well as social ecosystem.

The Company provides affordable housing to demographic groups in Philippines for which home ownership is traditionally challenging to attain, by offering 3% equity versus 10 to 20% in the Mass Housing market. Monthly amortization is made more affordable by providing longer loan term that are not widely available for the majority of the population. As of September 30, 2021, an average of 63% of the 8990's home buyers have a maximum gross monthly income of ₱55,000 (US$1,100) and below and an average of 55% are women. For vast majority of them, it would have been significantly challenging for them to own homes, if not because of the affordable housing and innovative financing offered by the Company together with its partners.

The Company's housing development are not only affordable but provides access to infrastructure, including water, sanitation, transportation, and security features for residents to live in safe, healthy, vibrant communities that allow individual to access opportunities for economic mobility through proximity to job opportunities, and stable and safe living environments.

The Company is focused on environmental sustainability in its operations through a decade long commitment to low waste, smart design and resources efficient buildings.

In addition to the efforts undertaken towards Social and Environmental goals, the Company also incorporates high standards in its Corporate Governance through standard operating procedures / manuals detailing procedures to be followed for each and every function.

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), Attorney Anthony Vincent S. Sotto (President and CEO), Roan Buenventura-Torregoza (Chief Financial Officer) and Alexander Ace S. Sotto (Chief Operating Officer), 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 100 years in the industry.

Through their various business ventures (including 8990), the Principals have constructed housing units across multiple regions in Philippines across Visayas, Luzon and Mindanao, including 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 SHDA, the largest national organization of subdivision and housing developers in the Philippines with over 200 members.

Attorney Anthony Vincent S. Sotto has almost 19 years of experience with the Company, and has previously served as the capacities of Deputy Chief Executive Officer, General Manager and Assistant General Manager in the Company.

Alexander Ace S. Sotto's 19 years of experience in the real estate industry began when he joined 8990 Holdings Inc. in 2004. He is currently the Chief Operating Officer of the Company.

Meanwhile, Roan Buenaventura Torregoza assumed the position of Chief Financial Officer of the Company on September 2016. Prior to her current position, she served as Acting Chief Financial Officer, Deputy Chief Financial Officer, Assistant General Manager for Audit, and Management Services Manager for 8990 Holdings, Inc.

Key Strategies

The Company was founded to address the Mass Housing problem in the Philippines. By 2030, the total housing need in the Philippines could increase to approximately 12.3 million units, of which approximately 85% will be in the Mass Housing market, according to Frost & Sullivan. However, the supply of affordable housing is unable to catch up, given that most Mass Housing developers are small regional developers, with limited geographical coverage. At the same time, certain demographic groups, including the low- to middle-income Filipinos, often face difficulties accessing home financing solutions that meets its cash flow profile.

The Company's overall business strategy, and the key to its current and past success in the Mass Housing industry, is to address the Mass Housing problem in the Philippines by delivering affordable homes and innovative financing solutions with speed and quality to its target customers, mainly comprising low- to middle-income earners. This is achieved through:

1. Introduction of an innovative financing solution that allows Filipinos to own a housing unit by paying monthly amortization at the price equivalent to that of a monthly rental payment

2. Establishing a close partnership with the Government's Mass Housing agency to expedite the delivery of the Government's housing initiatives

3. Delivering fast, quality and affordable housing options near customers' source of livelihoods

4. Successful execution of a unique and superior business model addressing an underserved market, and is highly profitable due to the Company's operational and financing efficiencies

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

Pursue growth by maintaining leadership with affordable and competitive pricing

The Company has a distinct leadership position in the Mass Housing segment

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, uniquely positioning it vis-à-vis other major housing developers in the Philippines. The Company's focus in the socialized, economic and low-cost housing segment in the Philippines allows it to target the large addressable housing market opportunity for lower income groups, with an estimated market size of ₱887 billion (US$17.4 billion) in 2021 by gross value, according to Frost & Sullivan.

The housing market in the Philippines is highly fragmented, with about 3,000 entities engaged in the housing sector and hundreds of developers, according to Frost & Sullivan. The Company believes that most of its direct competitors are smaller regional developers, with much smaller scale and limited geographical coverage, hence its nationwide scope has allowed it to achieve economies of scale from its operations, thereby offering housing units at more attractive price points compared to its direct competitors.

The Company believes that its unique positioning and leadership in the underserved need-based Mass Housing market will continue to provide demand for its housing developments in the future.

The Company seeks to promote home ownership for its target customers by matching housing cost with their ability to pay

The Company seeks to promote 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 through its CTS Financing Program, an innovative product developed using the Company's experience in the Mass Housing segment, which allows customers to move into their chosen housing unit after a significantly lower down payment of 3% to 5% of purchase price and pay down their housing loan across an average term of 25 years and at a fixed interest rate of 9.5% for the first four years.

The Company's financing program hence allows customers to break down the housing unit purchase price into affordable monthly amortizations, based on the cash flow they receive on a monthly basis from their employment and other sources of income. The Company also endeavors to keep monthly amortizations affordable at approximately 35% of their monthly income, as well as approximately matching these monthly amortization with monthly rental rates that its target customer would have otherwise paid for similar Mass Housing units, thereby encouraging the low- to middle-income customers to buy a house rather than continue renting.

For example, the Company offers a monthly amortization payment of approximately ₱3,900 (the estimated amortization for a ₱450,000 loan for a Socialized Housing unit, with 9.5% annual interest rate for the first four years and a 25-year amortization schedule) to approximately ₱17,500 (the estimated amortization for a ₱2,000,000 loan with 9.5% annual interest rate and a 25-year amortization schedule) under its in-house CTS Financing Program, at the right price range (₱450,000 to ₱2.0 million per housing/condominium unit).

The Company believes that the attractiveness of the CTS Financing Program is likely to continue driving demand for its housing developments into the future.

Continue to innovate and invest in maintaining the Company's competitive advantage

The Company intends to further leverage and invest into its CTS Financing Program and rapid construction technology to maintain its competitive strength.

The Company believes that the key success factor of its CTS Financing Program is not just in its innovative structure, but also in its ability to complement this with comprehensive and proactive customer engagements. This is done through consistent customer engagements through financial literacy programs to guide them through the documentary requirements for the loan application process and educate them on credit management to encourage strong loan repayment behavior. This has led to a successful track record with an estimated 93% performing accounts ratio from 2015 to 2022. The Company intends to continue its efforts to optimize its financing program and financial literacy programs to deliver a comprehensive housing solution for its target customers and maintain its industry-leading profit margins.

The Company intends to continually invest in innovation to update its construction processes and minimize waste of materials, while at the same time delivering housing units with quality and speed. The utilization of an on-site pre-cast construction process has resulted in significant cost savings and healthy profit margins. The Company believes that similar innovations into highly scalable construction processes will further enhance efficiency of capital use, rapid recycling of cash flow and its industry-leading returns. Additionally, the Company intends to explore further ways to incorporate environmental sustainability into its construction process.

Continue with monetization of its receivables through various channels

The Company rapidly recycles its capital by migrating home loans offered or selling receivables from customers (via its in-house CTS Financing Program) through three main channels:

1. Sale of receivables to financial institutions

2. Migration to Pag-IBIG

3. Partnership with banks after accreditation to migrate these loans to them

For the period between 2016 to 2022, the Company has successfully sold ₱30.9 billion of receivables to financial institutions and migrated ₱24.9 billion of loans to Pag-IBIG.

The Company's strong track record in the monetization of its receivables could be attributed to its strong relationship with financial institutions and its ability to structure its in-house CTS Financing Program to mirror the requirements of Pag-IBIG home loan. As a result, the Company believes that up to 99% of home loans offered by the Company are eligible for migration to Pag-IBIG.

The Company intends to continue to monetize its receivables in order to recycle its capital to fund future growth plans, as well as to de-risk its capital structure to maintain a net debt to equity ratio of 0.61x as of December 31, 2021, on par with the industry average.

Maintain appropriate financing, liquidity and risk management policies

The Company believes that its financing model is robust, through its ability to generate strong demand through providing attractive financing options for customers, and at the same time, preventing losses through appropriate financing, liquidity and risk management measures.

Measures undertaken include:

- financial literacy programs to maintain high collectability at an estimated 93% performing accounts ratio for the year ended December 31, 2022;
- de-risking its capital structure through monetization of receivables; and
- protecting its capital through retaining the home ownership until the loan amount is fully received from the homebuyers.

This has enabled the Company to achieve industry leading return on equity. The Company intends to continue implementing such measures to ensure adequate protection against financing risks.

Continue to grow land bank in strategic locations 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 areas with high population growth rates and rental yield, close proximity to public transportation terminals and major thoroughfares in cities, and also seeks to locate suitable project sites near developing business centers and high growth communities, where there are underserved housing needs for its target customers across the Philippines. The Company also targets to commence development of new land bank properties within two to three years of purchase.

The Company intends to further grow its existing Mass Housing revenue base. To accomplish this, the Company intends to (a) increase the number and variety of projects in the cities in which it currently has existing developments, as well as to (b) geographically expand into new cities. For example, the Company has brought to Metro Manila the Urban DECA Homes high-rise building concept in Tondo, Manila, and Mandaluyong.

Driving further ESG initiatives across its business model

The Company founded on the vision to provide quality and affordable housing to the Filipino family and maximize the value that it provides to customers, suppliers, investors, shareholders and Philippine society in general, has integrated ESG initiatives in its business model. The Company believes that its unique and superior business and financing model allows it to address an underserved housing need in the society, while at the same time, maintaining its industry-leading profitability through operational and financing efficiencies.

The Company's ability to offer a full suite of housing projects at affordable price points provide accessible housing to demographic groups for which home ownership has traditionally been challenging to attain. Based on the Company's internal data on customer demographics, an average of 57% of its customers have a gross monthly income of ₱55,000 and below, 62% are single, 55% are females, 18% are OFWs and 15% are undergraduates, as of December 31, 2022.

The Company endeavors to go beyond providing basic housing infrastructure, but also to create sustainable communities through amenities offered in the housing developments, which includes security features to protect residents (e.g. gated entrance with security), social spaces to promote interaction (e.g. clubhouse, church) and recreational facilities to promote healthy lifestyle (e.g. swimming pool and wakeboarding park). The Company believes that these initiatives have contributed to high customer satisfaction.

The Company also actively seeks ways to be environmentally friendly. Since 2018, the Company has eliminated the use of wood products in the construction of houses. Since 2019, newly designed projects are installed with waste-water facilities and material recovery facilities to minimize wastage. At the same time, the Company also strategically locate its micro-living developments close to business districts to reduce carbon emissions from daily commute that would otherwise be necessary.

The Company believes that ESG is a crucial component of its business model and endeavors to drive and implement further ESG initiatives.

Maintain its working relationship with regulators

The Company has a track record of strict adherence to local rules, regulations and social responsibility requirements imposed on licensed housing developers.

Adherence to good corporate governance plays an integral role in the way in which the Company conduct their business. The Company has processes in place to help ensure that there is operational transparency, information sharing, accountability, and constant dialogue with all its stakeholders.

The Company has also been supportive in the national and local government initiatives in Mass Housing, including and not limited to:

- adhering to the government guidelines (e.g., loan moratorium during the COVID-19 pandemic);
- active participation with the various real estate groups (e.g., SHDA);
- active participation in community-based initiatives (e.g., shelter agencies, school, church programs)
- incorporating environmentally friendly practices into its operations such as tree planting (at a scale that is in compliance of Department of Environment and National Resources guidelines) and building waste water management systems; and
- facilitating the participation of middle- to low-income customers in Pag-IBIG home loan initiatives, through unique structuring of its in-house financing program to mirror the requirements of Pag-IBIG's home loan

The Company intends to continue its best practices and maintain an effective working relationship with regulators to conduct its business with integrity and competence, maximizing the value it provides to the Philippine society.

<u>The 8990 Group</u>

8990 Group is comprise 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, 20220.

Subsidiary	Country of Incorporation	Company's Ownership Interest
8990 Housing	Philippines	100%
8990 Luzon	Philippines	100%
8990 Mindanao	Philippines	100%
8990 Davao	Philippines	100%
8990 Leisure	Philippines	100%
Fog Horn Inc	Philippines	100%

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.

Listed below are 8990 Housing's wholly-owned subsidiaries:

- Euson Realty and Development Corporation (ERDC)
- Tondo Holding Corporation (THC)
- 8990 Coastal Estates, Inc. (8990 Coastal)
- Primex Land, Inc (PLI)
- 8990 Monterrazas Corporation

Euson Realty & Development Corp.

Euson Realty & Development Corp. is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines. It is a a wholly-owned subsidiary of 8990 Housing Development Corporation. It was registered with the Securities and Exchange Commission (SEC) on September 25, 2009 primarily to own, use, improve, develop, subdivide, sell, exchange, lease, and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartments, condominiums and other structures. The projects under this Company are UDH Manila Buildings 1 to 8.

Tondo Holdings

Tondo Holdings Corp. is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines. It was registered with the Securities and Exchange Commission (SEC) on June 23, 1999 primarily to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of ever kind and description. It is a wholly-owned subsidiary of 8990 Housing Development Corporation.

On June 5, 2014, the Company's previous stockholders entered into a Share Purchase Agreement with 8990 Housing to sell 100% of the outstanding shares of the Company, with the intention of developing land owned by the Company into low-cost high-rise condominium or Urban Deca Homes Manila project located at Vitas St., Tondo manila. In 2016, the Company has started the development of the project. Projects under this company are UDH Manila Buildings 9 to 13.

8990 Coastal Estates, Inc.

8990 Coastal Estates, Inc. is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines. It was registered with the Securities and Exchange Commission (SEC) on April 16, 2007 primarily to acquire real estate of all kinds whether to improve, manage or otherwise dispose of buildings, houses, apartments, and other structure or whatever kind, together with their appurtenances. It is a wholly-owned subsidiary of 8990 Housing Development Corporation.

On July 2, 2019, the Board of Directors (BOD) and stockholders of the Company approved the change in its corporate name from RFC Coastal Estates, Inc. to 8990 Coastal Estates, Inc. The application for the change in name was approved by the SEC and the Bureau of Internal Revenue (BIR) on January 30, 2019 and December 19, 2019, respectively. The Company has not started commercial operations and has a property located in Mactan, Cebu.

Primex Land, Inc.

Primex Land, Inc. was incorporated in the Philippines on April 16, 1994. The Company was primarily engaged in acquiring, owning, operating and maintaining real estate properties. In 2017, 8990 Housing acquired controlling interest over the Company after its acquisition of all the outstanding shares of stock from previous stockholders. The project under this company is Deca Homes Meycauyan. It is a wholly-owned subsidiary of 8990 Housing Development Corporation.

8990 Monterrazas Corporation (8990 Monterrazas)

8990 Monterrazas. is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on September 25, 1974. The Company is established to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, and hold for investment or otherwise, real estate of all kinds; and, to construct, improve, manage, operate, lease or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances. It is currently involved in high-cost land development business. The project under this company is Monterrazas de Cebu. It is a wholly-owned subsidiary of 8990 Housing Development Corporation.

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 2nd Floor PGMC Bldg., 76 Calbayog St. corner Libertad St., Mandaluyong 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 3rd 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 Philipine (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.

On February 1, 2019, The Board approved the adoption by the Company of a share buyback program, with the following terms and conditions: [a] The buyback program shall be for a period of up to eighteen (18) months from the date of board approval (or until 1 August, 2020), unless period is otherwise shortened by the Board of Directors; [b] The Company shall be authorized to repurchase up to Php2 Billion worth of common shares; [c] The Share Buyback Program will not involve any active and widespread solicitation for stockholders of the Company to sell their shares; [d] The majority/controlling shareholders of the Company (i.e. Iholdings, Inc. and Kwantlen Development Corporation, as well as their respective controlling shareholders) will not participate in the Share Buyback Program; [e] The Share Buyback Program will be implemented in the open market through the trading facilities of the Philippine Stock Exchange; [f] the Company shall repurchase shares using cash and book them as treasury shares; [g] The share buyback program will be implemented in an orderly manner and will not (and should not) affect any of the Company's prospective and existing projects and investments; [h] any share buyback implemented shall take into account the need to maintain the liquidity of the Company's stock in the market, as well as public ownership requirements; [i] any significant development in the Share Buyback Program will be duly disclosed to the Securities and Exchange Commission and the Philippine Stock Exchange. The purpose for the Share Buyback

Program is to enhance and improve shareholder value and to manifest confidence in the Company's value and prospects through the repurchase of the common shares.

On March 15, 2019, 8990 Holdings, Inc., through its subsidiary 8990 Housing Development Corporation ("8990 Housing"), entered into a Subscription Agreement with Genvi Development Corporation ("Genvi"), for the subscription by 8990 Housing of a total of 2,913,128 common shares out of the existing but unissued capital stock of Genvi, at the subscription price of Two Hundred Ninety-one Million Three Hundred Twelve Thousand Eight Hundred Pesos (Php 219,312,800.00) in cash. The Subscription Transactions is intended to be the first phase of the Genvi Acquisition, which was completed through the subscription by 8990 Housing, resulting to 8990 Housing to own approximately 72.83%. 8990 Housing hopes to consolidate its ownership of Genvi by acquiring the remaining 27.17% of the resulting issued and outstanding capital stock of Genvi following completion of continuing discussions with the current shareholders of Genvi and confirmation of due diligence findings.

On June 30, 2019, the second phase of the Genvi Acquisition was completed through the acquisition of the remaining 27.17% of Genvi by 8990 Housing. The second phase of the transaction was through a separate share purchase transaction between 8990 Housing and the shareholders of Genvi. The consideration for the second phase of the transactions was Eight Hundred Million Pesos (Php 800,000,000.00). The completion of the second phase resulted to 8990 Housing owning 100% of the total issued and outstanding capital stock of Genvi. The purpose of the acquisition was to allow 8990 Holdings Inc., to expand into other real estate segments, such as high-end developments.

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 contrition. About forty three percent (42%) of revenues in 2020 were from low-cost mass housing business segments. Refer to Note 21 of the 2020 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 typically range from 35 sq. m. to 60 sq. m. Typical unit price range from ₱450,000 to ₱2,000,000.

Developer subdivisions have the following common facilities: concrete roads, sidewalk with curbs and gutters, underground drainage system, centralized water system, power system, gated entrance with security personnel and perimeter fence. In addition to the foregoing facilities standard to all subdivision, some projects feature one or more of the following leisure facilities: wakeboard park, swimming pool, basketball court, clubhouse/multi-purpose hall, church and commercial market. Certain larger projects have an are designated for commercial businesses.

As of December 31, 2022, the Company has completed 59 residential subdivisions comprising approximately 48,518units.

Construction of medium-rise condominium units

The Company also develops low-cost residential complexes of MRBs under the Urban DECA Homes brand. An MRB is a walk-up building of four to five stories or an elevator-quipped building of eight to 12 stories. These MRBs are located in central areas of highly urban locations (i.e. Metro Manila, Metro Cebu, Davao) within walking distance of major public transportation routes. The Company developed its first MRB Mass Housing project in Mandaue City in the province of Cebu. The Company has also developed MRB projects in Cavite, Sucat, and Muntinlupa. Other MARB projects to be launched in NCR are in the pipeline.

The floor area for an MRB unit typically ranges from 25 sq. m. to 36 sq. m. Unit prices range from ₱800,000 to ₱2,000,000.

MRB complexes have the following common facilities: concrete roads, sidewalk with curbs and gutters, underground drainage system, centralized water system (hooked up to public utility providers), power system, cable and telephone lines, gated entrance with security personnel and perimeter fence. In addition to the foregoing, MRB complexes have on-site leisure facilities such as a swimming pool, basketball court, clubhouse/multi-purpose hall and/or a park.

As of December 31, 2022, the Company has completed 6 MRB projects and delivered an aggregate of 7,336 units. The Company currently has 2 ongoing MRB projects, with an aggregate 1,776 units for sale.

Construction of high-rise condominium units

The Company has ventured into high-rise cocndominium 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 ₱1,000,000, which equates to initial monthly amortization payments of around
₱8,000 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 ₱8,000 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.

In 2016, Urban Deca Homes Manila, a 13-storey condominium building, was launched. Unlike Urban Deca Tower, unti sizes are for first time residential home buyers ranging from 22 to 35 square meter. This project is the first of its kind in Tondo, Manila. Having said that, this project was positively received by the customers with six (6) buildings sold, to date. Average selling price of Urban Deca Homes manila is ₱1,700,000.

A similar project launched in Ortigas in 2019, Urban Deca Homes Ortigas caters to first time home buyers in the Pasig and nearby cities. With 2-BR and 3-BR units, homeowners will now have more space which is conducive for starting a family. Selling price for Urban Deca Homes Ortigas ranges from ₱1,800,000 to ₱3,000,000.

Summary of Projects

I. The tables below summarize the status of the various new and ongoing projects the Company has under its various Subsidiaries as of December 31, 20220:

Project Name		Company	Type	Completion Year	No. Of Units	Units Delivered
I. Completed Projects						
North Luzon						
1	Savannah Greenplains Subdivision	Fog Horn, Inc.	Horizontal	2015	670	670
2	Savannah Greenplains Subdivision 2	Fog Horn, Inc.	Horizontal	2015	670	670
3	Savannah Greenplains Subdivision 3	Fog Horn, Inc.	Horizontal	2015	1,346	1,346
4	Deca Homes Marilao	8990 Housing	Horizontal	2019	822	822
5	Deca Homes Marilao Extension	8990 Housing	Horizontal	2020	187	187
6	Deca Clark Resort Residences	8990 Luzon	Horizontal	2021	4,894	4,894
7	Deca Clark Resort Residences 12	8990 Luzon	Horizontal	2020	213	213
South Luzon						
8	Bella Vista Subdivision	8990 Luzon	Horizontal	2015	3,844	3,844
9	Deca Homes Tanza	8990 Housing	Horizontal	2016	631	631
10	Deca Homes Marseilles	8990 Housing	Horizontal	2015	466	466
11	Urban Deca Homes Hampton	8990 Housing	MRB	2021	1,988	1,988
12	Urban Deca Homes Mahogany	8990 Housing	MRB	2020	448	448
Metro Manila						
13	Urban Deca Towers EDSA	Fog Horn, Inc.	HRB	2017	1,142	1,062
14	Urban Deca Homes Campville	8990 Housing	MRB	2017	1,024	1,024
Cebu						
15	Urban Deca Homes Tipolo	Fog Horn, Inc.	MRB	2014	1,540	1,540
16	Deca Homes Baywalk Talisay 1	8990 Housing	Horizontal	2013	1,039	1,039
17	Deca Homes Baywalk Talisay 2	8990 Housing	Horizontal	2014	881	881
18	Deca Homes Baywalk Talisay 3	8990 Housing	Horizontal	2018	570	570
19	Urban Deca Homes Tisa	8990 Housing	MRB	2016	936	936
20	Urban Deca Homes H. Cortez	8990 Housing	MRB	2018	1,400	1,400
21	Deca Homes Bacayan	8990 Housing	Horizontal	2007	224	224
22	Deca Homes Danao	8990 Housing	Horizontal	2009	880	880
23	Deca Homes Mactan 1	8990 Housing	Horizontal	2008	679	679
24	Deca Homes Mactan 2	8990 Housing	Horizontal	2009	150	150
25	Deca Homes Mactan 3	8990 Housing	Horizontal	2011	473	473
26	Deca Homes Mactan 4	8990 Housing	Horizontal	2013	1,248	1,248
27	Deca Homes Mactan 5	8990 Housing	Horizontal	2013	1,196	1,196
28	Deca Homes Mandaue Prime	8990 Housing	Horizontal	2013	912	912
29	Deca Homes Minglanilla 1	8990 Housing	Horizontal	2012	187	187

30	Deca Homes Minglanilla 2	8990 Housing	Horizontal	2012	611	611
31	Deca Homes Minglanilla 3	8990 Housing	Horizontal	2012	825	825
32	Deca Homes Minglanilla 4	8990 Housing	Horizontal	2012	329	329
33	Deca Homes Minglanilla 5	8990 Housing	Horizontal	2012	25	25
34	Deca Homes Minglanilla 6	8990 Housing	Horizontal	2012	56	56
35	Deca Homes Tunghaan	8990 Housing	Horizontal	2009	381	381
36	Urban Deca Homes Tisa 2	8990 Housing	MRB	2021	1,392	1,392
Iloilo						
37	Deca Homes Pavia 1	8990 Housing	Horizontal	2012	976	976
38	Deca Homes Pavia 2	8990 Housing	Horizontal	2013	884	884
39	Deca Homes Pavia Resort Residences	8990 Housing	Horizontal	2020	2,118	2,118
40	Deca Homes South of Bacolod (Economic)	8990 Housing	Horizontal	2022	2,912	2,912
Leyte						
41	Deca Homes Ormoc (Economic)	8990 Housing	Horizontal	2021	360	360
Davao						
42	Deca Homes Indangan 1	8990 Housing	Horizontal	2016	544	544
43	Deca Homes Indangan 2	8990 Housing	Horizontal	2017	1,329	1,329
44	Deca Homes Indangan 3	8990 Housing	Horizontal	2017	1,369	1,369
45	Deca Homes Indangan 4	8990 Housing	Horizontal	2017		
46	Deca Homes Catalunan Grande	8990 Housing	Horizontal	2016	649	649
47	Deca Homes Mulig (Socialized)	8990 Housing	Horizontal	2019	304	304
48	Deca Homes Davao	8990 Housing	Horizontal	2011	1,696	1,696
49	Deca Homes Esperanza	8990 Housing	Horizontal	2015	2,072	2,072
50	Deca Homes Resort Residences 1	8990 Housing	Horizontal	2015	2,993	2,993
51	Deca Homes Resort Residences 2	8990 Housing	Horizontal	2015		
52	Deca Homes Resort Residences 3	8990 Housing	Horizontal	2015		
53	Deca Homes Resort Residences 4	8990 Housing	Horizontal	2015		
54	Deca Homes Resort Residences 5	8990 Housing	Horizontal	2015		
55	Deca Homes Resort Residences 6	8990 Housing	Horizontal	2015		
56	Deca Homes Resort Residences 7	8990 Housing	Horizontal	2015		
57	Deca Homes Resort Residences 8A	8990 Housing	Horizontal	2015	276	276
58	Deca Homes Resort Residences 8B	8990 Housing	Horizontal	2015	419	419
59	Deca Homes Resort Residences 8C	8990 Housing	Horizontal	2015	638	638
60	Deca Homes Resort Residences 9	8990 Housing	Horizontal	2015	1,341	1,341
61	Deca Homes Resort Residences 10	8990 Housing	Horizontal	2015	534	534
62	Deca Homes Resort Residences 11	8990 Housing	Horizontal	2015	95	95
63	Deca Homes Resort Residences 12	8990 Housing	Horizontal	2015	208	208
64	Deca Homes Resort Residences Prime	8990 Housing	Horizontal	2015	217	217
65	Deca Homes Resort Residences Executive	8990 Housing	Horizontal	2015	421	421
66	Deca Homes Mulig (Economic)	8990 Housing	Horizontal	2020	1,590	1,590
General Santos						
67	Deca Homes Gensan (economic)	8990 Housing	Horizontal	2017	243	243

	Project Name	Company	Type	Completion Year	No. Of Units	Units Delivered
II. On-going						
North Luzon						
1	Urban Deca Homes Marilao	8990 Housing	MRB	2024	3,780	3,296
2	Deca Homes Meycauyan	Primex Land, Inc.	Horizontal	2023	5,178	2,329
3	Deca Homes Pampanga	8990 Housing	Horizontal	2027	4,127	-
Metro Manila						
4	Urban Deca Homes Manila	Tondo Holdings	HRB	2021	12,708	10,170
5	Urban Deca Homes Ortigas	8990 Housing	HRB	2024	19,046	3,962
6	Urban Deca Tower Cubao	8990 Housing	HRB	2024	5,166	-
7	Urban Deca Homes Commonwealth	8990 Housing	HRB	2024	3,240	-
Cebu						
8	Urban Deca Tower Banilad	8990 Housing	HRB	2023	3,264	390
9	Monterazzas de Cebu	Genvi Development Corp	Horizontal	2021	518	254
Iloilo						
10	Deca Homes Pavia Resort Residences 2	8990 Housing	Horizontal	2020	2,987	2,452
11	Deca Homes Leganes	8990 Housing	Horizontal	2025	3,054	327
12	Deca Homes Sta Barbara (Economic)	8990 Housing	Horizontal	2021	1,246	881
13	Deca Homes Sta Barbara (Socialized)	8990 Housing	Horizontal	2028	8,892	2,238
14	Deca Homes South of Bacolod (Socialized)	8990 Housing	Horizontal	2025	4,155	923
Leyte						
15	Deca Homes Ormoc (Socialized)	8990 Housing	Horizontal	2023	983	171
Davao						
16	Deca Homes Talomo (Economic)	8990 Housing	Horizontal	2026	3,185	2,919
17	Deca Homes Talomo (Socialized)	8990 Housing	Horizontal	2026	2,763	646
General Santos						
18	Deca Homes Gensan (socialized)	8990 Housing	Horizontal	2021	2,530	2,260

Liquidity Management

Financing Options

PAG-IBIG Transfer

The Company may enter into take-out arrangements with Pag-IBIG as needed, where it migrates its CTS Gold Convertible receivables thru HDMF's housing loan program for members, typically within four (4) years of the loan commencement period, subject to the Company's requirements. The Company was able to migrate ₱664 billion of receivables to Pag-IBIG in 2020, respectively. Pag-IBIG released housing loans in the said aggregate amounts to pay off the balance of the purchase price of the housing units sold by the Company to qualified Pag-IBIG members. The acceptance or rejection of the buyer's housing loan application is based on certain guidelines such as employment, number of contributions made by the homeowner/Pag-IBIG member, and net disposable income, among other factors. As a result of the Company's CTS Gold Convertible requirements mirroring those of Pag-IBIG's, the Company estimates that substantially all of its historic requests for take- outs have been accepted by Pag-IBIG. As of date, the Company is not offering the CTS Gold Convertible or the CTS Gold Straight financing options and is only offering CTS Gold In-House Financing to homebuyers.

Nonetheless, in the event that a material number of take-up applications are delayed or even denied, the Company's cashflow and recognized revenues could be materially affected. Moreover, the conversion into cash of the Company's CTS receivables as a result of take-ups by Pag-IBIG also affects the Company's results of operations. As a greater amount of CTS receivables are converted pursuant to the Company's take-up arrangements, the Company's finance income and receivables decrease while its cash balances correspondingly increase.

Other Receivables Management Options

In addition to its receivables take-up arrangements with institutions such as Pag-IBIG, the Company also regularly adopts other measures to manage its level of receivables from its housing sales, as well as to generate cash necessary for operations. For example, from time to time, the Company enters into loan arrangements with banks against its receivables portfolio as collateral, or enters into agreements for the sale of its receivables to banks and other financial institutions on a non-recourse basis.

Credit and Collection

The Company has a credit and collection team which is in charge of handling the amortization payments of buyers. The team is responsible for the timely collection of payments, depositing of post-dated checks and the eventual remittance of payments to the Company's treasury group and undertaking remedial measures for delinquent accounts. The Company has also developed a comprehensive collection platform comprising policies, structures, systems, organizations and mechanisms focused on collection efficiency and the mitigation of payment delinquency.

The Company's credit and collection team is composed of Sixty-seven (67) permanent employees organized per area of operation. Of the Sixty-seven (67), four (4) are supervisors in charge of North Luzon, South Luzon, Cebu/Ormoc, Iloilo/Bacolod, and Davao/Gensan, while sixty three (63) are employees functioning as remittance officers, frontline customer service officers and site collection officers. The team is supported contractual employee who serves as collection officer in the various projects nationwide. These collection officer ensure enforcement of the Company's credit and collection policies. In addition, the services of nine (9) law firms have been retained by the Company to handle the legal side of collection, including the sending of demand letters, notices of cancellation and the eventual eviction of the delinquent borrower.

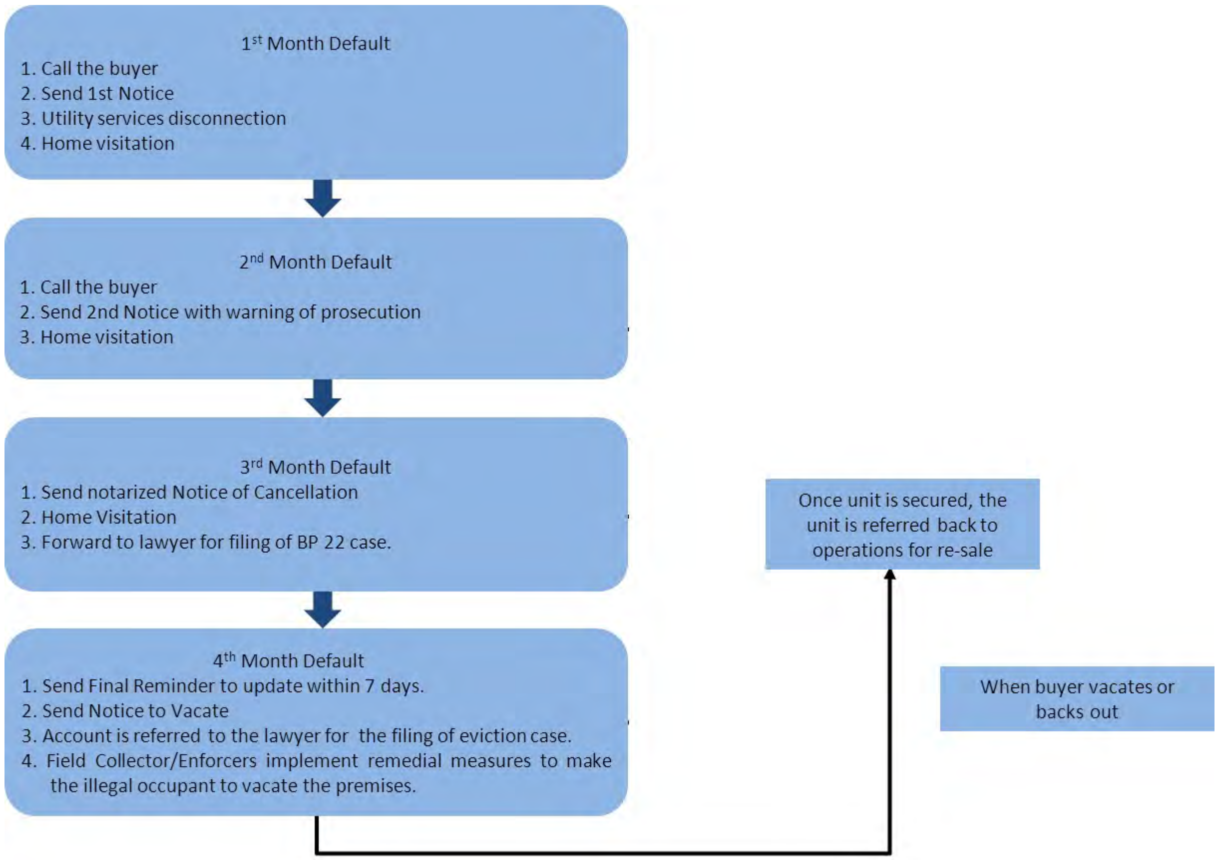
Submission of Check Payments

Potential homebuyers of the Company's housing units are required to submit twenty-five (25) post-dated checks. The first twenty-four (24) checks are equivalent to the first twenty-four (24) monthly amortization payments while the 25^{th} check represents the outstanding principal balance as of the 25^{th} month and serves as an assurance that the borrower will again submit another twenty-four (34) post-dated checks (equivalent to the payments for months 25 to 48) plus another 25^{th} check equivalent to the outstanding principal balance as of the 49^{th} month. This cycle is repeated until the loan is fully paid at the end of the term. The ecess of the twenty-four (24) checks will be deposited if the borrower fails to submit the next set of twenty-five (25) checks.

The Company imposes a ₱2,200 bank penalty fee and a ₱200 fee per bounced check as facilitation and retrieval fee. Likewise, a fee of PhP200 is charged if the buyer replaces the check with cash paid directly to the Company.

The Company's estimated performing accounts ratio are 83% in 2020 (heavily affected by Bayanihan 1 and 2) and 93% in 2022.

In the Company's experience, through remedial measures, approximately half of the defaulting accounts usually become current again after a one- to three-month payment lag, while the other half of the defaulting accounts result in the cancellation of the CTS and remarketing of the property. The Company was able to leverage on its experience and expertise in acting as Pag-IBIG's collection agent prior to 2011 in the formulation and execution of its credit and collection polices.



Accounts are considered in default when the buyer fails to pay one (1) monthly amortization, while payments are considered late if the buyer fails to pay his amortization on the due date.

<u>Marketing and Sales</u>

Marketing

The Company believes it has an extensive marketing network. The Company's marketing and distribution network consists of forty eight (48) teams, headed by unit managers and one thousand two hundred sixty four (1,264) total licensed brokers and with a combined total approximately 16,634 active agents. All of the unit managers and the agents under them are exclusively contracted to the Company. Furthermore, all unit managers are accredited licensed realtors. The Company's marketing teams are compensated through commission fees and are provided some administrative support by the Company. The Company trains its marketing teams monthly on topics including new Company policies, product information and terms and conditions of sale.

As a marketing strategy, the Company's sales and marketing teams regularly conduct presentations to potential clients to inform them of the Company's products. Mall exhibits have likewise provided the Company with an effective platform to introduce its product offerings and get leads on prospective buyers. Another strong source of sales relates to "repeat buyers," in the form of family members of those who already own a DECA Home unit.

Moreover, promotional discounts are also offered by the Company to attract buyers and increase their interest. These include:

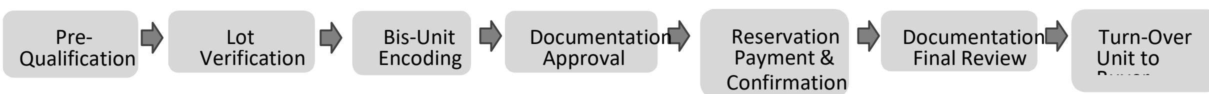
- Cash Discounts. The Company gives discounts upon full payment of the required down payment and is based on the total contract price of the house and lot package (which price ranges from PhP450,000 to PhP1.25 million). Cash discount as follows:

Down Payment Fully Paid Within	**Cash Discount**
7 Days	3%

- "LipatAgad" Buyer are allowed to move-in to the property upon full payment of the required down payment pending take-out of the loan with Pag-IBIG.

CTS Gold Sales Process

The CTS 2018 product follows a rigorous process of credit verification for all potential buyers. The following diagram illustrates the process under the CTS Gold product:



- Pre-Qualification – The buyer provides basic requirements such as valid identification, proof of income (pay slips, certificate of employment and compensation, bank statements, income tax return, etc.), signed loan documents and complete post-dated checks.

- Lot Verification – The availability of the unit is verified.

- BIS-Unit Encoding – A unit manager assigns and encodes the buyer's identification into its system to avoid double reservation.

- Documentation Approval – A documentation manager submits the buyer's information folder to a documentation account officer. The account officer verifies and screens the documents provided by the borrower. Physical appearance of the buyer is required to verify accuracy of all information provided. Incomplete documentation folders are sent back to the documentation manager for re-evaluation.

- Reservation Payment and Confirmation – Reservation payment is paid for by the buyer and documented by an account officer.

- Documentation Final Review – The documents are sent to a documentation manager for final review.

- Turn-Over of Unit to Buyer – Take-out occurs only when construction of the unit is complete and the buyer accepts the unit. Attendance to a buyer orientation is required which will cover documentation, credit and legal obligation, construction and technical discussion.

Suppliers

All of the raw materials used by the Company are sourced from domestic Philippine suppliers. Suppliers are chosen based on a number of criteria, including the quality of the raw materials supplied, stability of supply in the past, delivery time, pricing of the raw materials as well as the financial and industrial strength of the supplier. The Company's sourcing strategy is to deal with reliable suppliers at the best available price, prefer national over local suppliers and encourage on-time delivery by its suppliers.

The Company maintains relationships with over 200 suppliers. For the year ended December 31, 2021, the Company's five largest raw materials suppliers in aggregate accounted for approximately 40% of the Company's total amount of purchases for horizontal and four-storey MRBs. The Company is not dependent on any single supplier for raw materials.

Below is the list of the Company's top five (5) raw material suppliers:

Company	Country	Material Pruchased
Steelasia Manufacturing Corp.	Philippines	Deformed steel bars
1154 Gravel and Sand Trading	Philippines	Aggregates
Omnicrete Corporation	Philippines	Readymix
2027 Glass and Service Corp	Philippines	Windows
Readymix Concrete Davao Inc	Philippines	Premix

Customers

The Company mainly focuses on serving the needs of the Mass Housing market. Specifically, the Company targets (a) the upper-end of the lower-class segment of society and (b) the lower-end of the middle class of the society. The Company's target market consists of buyers who are gainfully employed (such as government employees, business processing operations (BPO) employees, manufacturing workers, etc.). 75% of the horizontal unit buyers and 93% of condominium unit buyers have monthly gross income above ₱26,000. The Company likewise caters to OFWs, which, for many years, have played an important role in keeping the Philippine economy afloat through their remittances that help fuel consumption, specifically real estate purchases. The following table summarizes the Company's customer demographics as of December 31, 2021:

Demographic		Subdivision	Condominium
Young:		87%	85%
	20 to 35 Years Old	53%	55%
	36 to 45 Years Old	34%	31%
College-Educated and Licensed Professionals		84%	87%
Gainfully Employed:		100%	100%
	Office Workers	48%	68%
	OFW	22%	11%
	BPO	7%	4%
Minimum ₱26,000 Gross Family Income		18%	10%
Primary Residence Purpose		76%	94%

Customer Service and Warranties

The Company believes it is important to ensure that quality service is afforded to homebuyers throughout and after the relevant sales period. Customer service employees oversee pre-delivery quality control inspections and respond to post-delivery customer needs. The Company responds to customer requests during the construction phase and coordinates the legal requirements that customers must comply with when making a purchase, including signing deeds, obtaining permits, and securing funding.

Under the terms of the Company's CTS contracts, buyers may seek repairs for patent (i.e., observable) defects in new homes prior to their acceptance of the residential unit. If the defect is latent (i.e., non-observable), customers may seek repairs within one year from the date the housing unit was turned over to them for occupancy.

In addition to the foregoing contractual warranties, the Company may be subject to additional liabilities arising from construction defects under Philippine law. However, the Company has historically spent immaterial amounts on claims from customers for construction or other defects.

Competition

The Company believes it does not have significant direct competition from national (i.e. Metro Manila-based) real-estate developers for low cost housing projects within its price range (i.e. PhP450,000 to PhP2.0 million per housing unit). Although competitors with nationwide scope, such as Amaia Land Corporation, a subsidiary of Ayala Land, Inc.; Century Limitless Corporation, a subsidiary of Century Properties Group, Inc.; Filinvest Land, Inc., under the "Futura Homes" brand; Suntrust Properties, Inc., a subsidiary of Megaworld Corporation; Robinsons Land Corporation, under the "Robinsons Communities" brand; Summerhills Home Development Corporation, a subsidiary of SM Prime Holdings, Inc.; and Vista Land, under the "Camella Homes" brand, do undertake affordable housing projects, they do so at a higher price range (i.e. PhP1.5 million and up), which is a different market from that of the Company's.

The Company has direct competitors at the local/regional level that sell housing units within its PhP450,000 to PhP2.0 million price range. These include: Johndorf and ProHomes in Cebu; Foothills Development Corporation and HLC Development Corporation in Davao; ProFriends, Ion Realty, Happy Homes and San Raphael Realty in Iloilo; Hausland, Fiesta Communities and El Valerio Realty in Pampanga; and ProFriends, Homemark Development, Picar Development, Rudex, Masaito and New APEC in Cavite.

Employees

As of the date of this report, the Company has a total of six hundred (600) employees. This is broken down as follows:

Function	Number of Employees
Managers	102
Finance	67
Accounting	42
Conversion Staff	36
Credit & Collection Staff	67
Documentation Staff	94
HR/Admin Staff	44
MIS	15
Planning/Engineering Staff	61
Pre-Documentation Staff	23
Treasury	3
Records Management	11
Materials & Procurement	8
Condo Corp/HOA	7
Receivables management	4
Customer Service	12
Legal	4

Furthermore, to date, there is no existing collective bargaining agreement between the Company and 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, and management believes that the Company's relationship with its employee in general is satisfactory. The Company complies with minimum compensation and benefits standards as well as all other applicable labor and employment regulations.

Intellectual Property

The Company has been granted the certificate of registration of the "DECA Homes", "Urban DECA Homes" and "Urban DECA Towers" trademarks by the Philippine Intellectual Property Office. These trademarks are important in the aggregate because name recognition and exclusivity of use are contributing factors to the success of the Company's and its Subsidiaries' property developments. In the Philippines, certificates of registration of a trademark filed with the Philippine Intellectual Property Office prior to the effective date of the Philippine Intellectual Property Code in 1998 are generally effective for a period of 20 years from the date of the certificate, while those filed after the Philippine Intellectual Property Code became effective are generally effective for a shorter period of 10 years, unless terminated earlier.

Health, Safety and Environment

The Company regards occupational health and safety as one of its most important corporate and social responsibilities and it is the Company's corporate policy to comply with existing environmental laws and regulations. The Company maintains various environmental protection systems and conducts regular trainings on environment, health and safety.

Insurance

The Company has insurance coverage that is required in the Philippines for real and personal property. Subject to the customary deductibles and exclusions, the Company carries all-risks insurance during the project construction stage. The Company also requires all of its purchasers to carry fire insurance and sales redemption insurance, for which it pays the annual premium upfront to the insurer and charges purchasers on a monthly basis. For its vertical projects, the Company requires its general contractors to carry all-risks insurance for the period of building construction. The Company does not carry business interruption insurance.

Legal Proceedings

As of December 31, 2022, neither the Company nor any of its Subsidiaries or affiliates are involved in, or the subject of, any legal proceedings which, if determined adversely to the Company or the relevant Subsidiary's or affiliate's interests, would have a material effect on the business or financial position of the Company or any of its Subsidiaries or affiliates.

Risks Relating to the Companies Business

The ongoing COVID-19 global pandemic has adversely affected, and is expected to continue to have an adverse effect on, the Company's business and operations.

Coronavirus disease 2019 ("COVID-19"), an infectious disease that was first reported to have been transmitted to humans in late 2019, has spread globally over the course of 2020, and in March 2020 it was declared as a pandemic by the World Health Organization. As of December 31, 2021, there have been over 263 million confirmed cases worldwide. Countries have taken measures in varying degrees to contain the spread, including social distancing measures, community quarantine, suspension of operations of non-essential businesses and travel restrictions.

In response to the increasing number of COVID-19 cases in the Philippines, President Rodrigo Duterte declared the entire Luzon island under total lockdown (Enhanced Community Quarantine or "ECQ") on

March 16, 2020, which restricted the movement of the population with certain exceptions. Among the lockdown measures implemented were the suspension of work or alternative working arrangements in the private sector except in establishments providing basic necessities, suspension of mass transport facilities, and travel restrictions.

ECQ was originally set to end by April 12, 2020 but was first extended to April 30, 2020 then to May 15, 2020. After the ECQ was lifted in certain areas, a modified ECQ (“MECQ”), general community quarantine (“GCQ”) or modified GCQ (“MGCQ”) was implemented. The graduated lockdown schemes from ECQ, MECQ, GCQ and MGCQ impose varying degrees of restrictions on travel and business operations in the Philippines. The Government continues to calibrate the imposition of lockdown or community quarantine measures across the country depending on the situation in specific localities. On March 27, 2021, following a spike in COVID-19 cases, the Government placed Metro Manila and certain neighboring provinces under ECQ from March 29, 2021 until April 11, 2021. From April 12, 2021 to May 14, 2021, the quarantine classification for these areas was downgraded to MECQ. Thereafter, beginning May 15, 2021, the Government further reclassified the quarantine classification for the same regions to GCQ. On July 30, 2021, the Government again placed Metro Manila under ECQ from August 6, 2021 to August 20, 2021. On August 20, 2021, the Government downgraded Metro Manila to MECQ from August 21, 2021 to September 15, 2021.

In September 2021, the Interagency Task Force for the Management of Emerging Infectious Diseases (“IATF”) mandated new community quarantine classifications for dealing with COVID-19 covering entire cities and/or municipalities, by issuing the Guidelines on the Pilot Implementation of Alert Levels System for COVID-19 Response in the National Capital Region (“NCR”). In order to clarify the parameters of allowed and restricted activities in the different areas where community quarantine is declared, scattered provisions of the IATF resolutions were codified into the Omnibus Guidelines on the Implementation of Community Quarantine in the Philippines and released by the IATF on April 20, 2020 through Resolution No. 30. In the new classification framework, which focuses on the imposition of granular lockdown measures, community quarantine was reduced to either ECQ or GCQ, with the latter having an Alert Level System through Levels 1 to 4, with each alert level limiting restrictions only to identified high-risk activities. The current system was adopted through Executive Order 112 (s.2020) and has been regularly updated to respond to the prevailing situation.

A new variant of the COVID-19 virus, named “Omicron,” emerged in the last week of November 2021. Considered as a highly contagious strain of COVID-19, Omicron has prompted a return to stricter quarantine measures and an increase in the IATF’s alert levels to Alert Level 3.

The Philippine government has taken various steps to address the effects of COVID-19 on Philippine business and economy. On March 25, 2020, Republic Act No. 11469 or the “Bayanihan to Heal As One Act” which took effect, which granted the President the power to provide for a minimum of 30 days grace period on the payment of residential rents falling due during the ECQ. In relation thereto, the Department of Trade and Industry (“DTI”) issued Memorandum Circular No. 20-12, which provided that residential rents and commercial rents for Micro, Small and medium Enterprises (“MSMEs”) that have stopped operating during the ECQ shall be entitled to the said grace period. The cumulative amount of rents due during this period shall be spread out or equally amortized in the six months following the end of the ECQ and shall be added to the rent due on these succeeding months, without penalties, interest, fees, and charges.

The Bayanihan to Heal as One Act also provided the President the power to direct financial institutions, including the Pag-IBIG Fund, to implement a grace period for the payment of housing loans, among others. The implementing rules provide that the mandatory grace period should be at least 30 days, which is automatically extended if the ECQ period is extended. On June 25, 2020, the Bayanihan to Heal as One Act measures, which were implemented to address the COVID-19 pandemic in the Philippines, expired.

On September 11, 2020, the President Duterte signed into law the Bayanihan to Recover as One Act or also known as the “Bayanihan II”, which extended the emergency powers of the President granted by its predecessor, the Bayanihan to Heal as One Act which lapsed on June 25, 2020. Bayanihan II aims to reduce the adverse impact of COVID-19 on the socioeconomic well-being of Filipinos and struggling businesses by providing assistance and other forms of socioeconomic and regulatory relief.

Section 4 of the Bayanihan II authorizes the President to exercise powers necessary and proper to undertake and implement the following recovery measures (among others): (a) direct banks, financing companies, lending companies, real estate developers, entities providing in-house financing, other financial institutions, private or public, among others, to implement a one-time 60-day grace period for the payment of all existing, current and outstanding loans falling due or any part thereof, on or before December 31, 2020; (b) direct institutions providing electric, water, telecommunications, and other similar utilities to implement a minimum 30-day grace period for the payment of utilities falling due within the period of ECQ, MECQ, without incurring interests, penalties, and other charges; (c) grant a minimum 30-day grace period on residential rents and commercial rents of lessees not permitted to work, and MSMEs and cooperatives ordered to temporarily cease operations within the period of the community quarantine, without incurring interests, penalties, fees and other charges; and (d) prohibit increasing rents during this period.

According to Frost & Sullivan, the COVID-19 pandemic has dramatically impacted the housing industry, resulting in a slowdown as buyers became wary of the uncertainties, even though the demand for low-cost housing proved to be more robust while investment purchases from the up-tier market slowed down. For example, according to Frost & Sullivan, in terms of gross value added, the Philippine real estate industry contributed ₱1.028 trillion in 2020, which was a 17% decline from 2019. According to Frost & Sullivan, the COVID-19 pandemic halted construction and created a feeling of uncertainty amongst investors and buyers, with many putting off any big investments or expense like buying or investing in real estate. This, in turn, affected and continues to affect the revenue targets of the Company and its Subsidiaries, particularly as a result of delays in collections as well as the construction of some of the Company's projects. The COVID-19 pandemic has also (i) disrupted the global supply chains of materials, facilities and other products through the effects of travel restrictions, quarantines, closure of factories and facilities, and political, social and economic instability; (ii) increased volatility or caused disruption of global financial markets and affected businesses' capabilities of accessing capital markets and other funding resources on favorable or acceptable terms; and (iii) resulted in social and political instability. The COVID-19 pandemic has also affected and continues to affect the employment of migrant Filipinos, who largely contribute to the demand for the Company's projects. As the situation evolves, these indirect impacts may become more significant and could also have a severe adverse impact on the Company's and its subsidiaries' operation and cash flow.

The Company recognizes the risks from emerging infectious diseases such as COVID-19 and has immediately addressed critical aspects of its operations, such as workforce health and safety, and supply chain disruption. In order to minimize disruptions to its operations, the Company has adopted either work from home arrangements or provided its staff with housing and shuttle services. Further, the Company attempts to minimize supply chain disruptions by ordering its supplies well in advance. Despite these measures, the extent to which the COVID-19 pandemic impacts the Company will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of COVID-19 both in the Philippines and internationally by governments, central banks, healthcare providers, health system participants, other businesses and individuals, which are highly uncertain and cannot be predicted. To the extent the COVID-19 pandemic adversely affects the business and financial results of the Company and its subsidiaries, it may also have the effect of heightening many of the other risks described in this Prospectus and thus adversely affecting the Company's operation and capabilities of paying dividends on the Offer Shares, and also the price and value of the Offer Shares. Currently, the constrained economic activities brought by the COVID-19 has resulted in mass layoffs and repatriation of thousands of overseas Filipino workers ("OFWs"). These events adversely affect demand for the Company's projects from OFWs, which could have a material adverse effect on the Company's business, financial condition and results of operations.

All of the Company's business activities are conducted in the Philippines, which exposes the Company to risks associated with the Philippines, including the performance of the Philippine economy.

Historically, the Company has derived primarily all of its revenue from the sale of real estate assets in the Philippines and its business is highly dependent on the state of the Philippine economy. Demand for, and prevailing prices of real estate assets are directly related to the strength of the Philippine economy (including overall growth levels and interest rates), the overall levels of business activity in the Philippines, the overall employment levels in the Philippines and the amount of remittances received from OFs. Historically, the Philippines has periodically experienced economic downturns. For example, the general slowdown of the global economy in 2008 and 2009 had a negative effect on the Philippine economy, which in turn had a negative effect on the Philippine property market as property sales declined.

There is no assurance that there will not be a recurrence of an economic slowdown in the Philippines. Factors that may adversely affect the Philippine economy include:

- decreases in business, industrial, manufacturing or financial activity in the Philippines or in the global market;
- decreases in the amount of remittances received from OFs;
- decreases in or changes in consumption habits in the Philippines;
- decreases in property values;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines or in the global market;
- the sovereign credit ratings of the Philippines;
- exchange rate fluctuations;
- a prolonged period of inflation or increase in interest rates;
- changes in the Government's taxation policies;
- natural disasters, including typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and
- other regulatory, political or economic developments in or affecting the Philippines.

There is a degree of uncertainty regarding the economic and political situation in the Philippines. This uncertainty could have adverse effects on the revenues from the Company's business.

Servicing the mass housing segment of the real estate industry allows the Company to mitigate the risk of demand fluctuation brought about by country-specific risks, being it a needs market and not investment nor speculative in nature. The huge housing backlog as projected by HLURB is a strong indicator that the demand for mass housing unit will continue to be underserved in the short to medium term. Further, the expertise of the management team in dealing with the mass market segment enables them to create an overall package, “build-sell-finance” scheme, to assure that their target market will be able to afford the housing units and realize the projected demand.

The Company is exposed to risks associated with its in-house financing activities, including the risk of customer default, and it may not be able to sustain its in-house financing program.

The Company provides a substantial amount of in-house financing to its customers via its CTS program. As a result, and particularly during periods when the unemployment rate rises or when the overall level of overseas remittances decline, the Company faces the risk that a greater number of customers who utilize the Company’s in-house financing facilities will default on their payment obligations, which would require the Company to incur expenses such as those relating to sales cancellations and eviction of occupants, additional expenses caused by delinquent accounts, a disruption in cash inflows, risk of holding additional inventory in its balance sheets and reduced finance income.

In addition, in instances where various customer receivables have been given as collateral for the Company’s financing arrangements with banks or in instances where sales of receivables are made with recourse to the Company, a default in these receivables would require the Company to either pay down the corresponding balance on the loan, or replace the defaulting receivable with another from its portfolio. There can be no guarantee that the Company will not be asked to pay cash for these defaulting obligations in the future. In such an event, the defaulting receivable would also be assigned back to the Company, and there can also be no guarantee that the Company will be able to resell the mass housing unit underlying the receivable easily or at all. If the number of and amount involved in any defaults are significant, the Company's financial position and liquidity may be adversely affected.

Moreover, other cheaper financing options may become available and if customers choose to obtain financing from other sources, such as banks and other financial institutions, this would result in a decline in the income the Company derives from interest due on in-house financing. The inability of the Company to sustain its in-house financing activities could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company makes it a point to turn over the housing unit to the buyer as soon as the unit is finished and the minimal required equity is paid in order to create a sense of ownership. This has been proven effective in avoiding defaults.

The Company will be in a better position in cases where cheap financing options would be available to the buyers as this will immediately result to cash payments rather than long term receivables, hence, will be able to have readily available funds to build new inventories for sale, and would not need to avail of any external financing be it from creditors or equity holders.

The Company's liquidity and financial results are affected by the willingness of various financial institutions, including Pag-IBIG, to process loan take-ups and the expediency by which such financial institutions process these take-ups.

Under its business and operating model, the Company, through its subsidiaries including 8990 Housing, 8990 Luzon, 8990 Davao, 8990 Mindanao, and Foghorn, typically provides in-house financing to its customers via its CTS Gold financing team upon the initial purchase of a potential home. From time to time, the Company requires the prospective purchaser to apply with Pag-IBIG for take-up of the loan obligation. The Company may also transfer loan portfolios directly to Pag-IBIG on behalf of its customers. Should Pag-IBIG grant the prospective buyer's application, it would then grant a home loan to the prospective buyer (to pay for the purchase price of the Mass Housing unit) and remit the loan proceeds to the Company or the subsequent owner of the relevant receivable. However, due to the number of applications pending with Pag-IBIG at any one time, there are often delays in the processing of these loan take-ups. Furthermore, Pag-IBIG may also deny loans for various reasons, such as incomplete documents and insufficient equity ownership (through prior payment of principal), among others. In addition, other factors, such as review of titles by banks that purchase receivables from the Company, may also delay the financing process. Furthermore, if the loans are held as collateral by banks, then the banks need time to pass the titles, which could cause delays. Depending on the degree of any such delays or denials, and the amounts of the loans and number of customers involved, these could have a material adverse effect on the Company's liquidity because the home buyer loans would be retained on the Company's books as receivables and delay its cashflow. Moreover, in the event that Pag-IBIG completely ceases the take-up of these loans, the Company would have to keep these loans for a significant portion of time and may encounter difficulty in selling these loans to 42 other financial institutions. Any of these events may have a material adverse effect on the Company's financial condition and results of operations. See "– The Company is exposed to risks associated with its in-house financing activities, including the risk of customer default, and it may not be able to sustain its in-house financing program."

In addition to having its CTS loans taken up by Pag-IBIG and borrowing from banks using the CTS loans as collateral, the Company also from time to time transfers its CTS loans to banks, typically going through a similar procedure as described above for Pag-IBIG. Similarly, there may be delays in the efficient and timely processing of these loans take-ups and the banks may also deny these loans for various reasons. Depending on the degree of any such delays or denials, and amounts of the loans and number of customers involved, these could have a material adverse effect on the Company's liquidity because the home buyer loans would be retained on the Company's books as receivables and delay its cashflow.

To mitigate this risk, the Company maintains strong relationships with key housing and shelter agencies.

The Company's liquidity and financial results are dependent on the implementation and success of various measures to manage its liquidity risk.

The Company adopts various measures to manage its liquidity risk. For example, the Company developed a comprehensive collection platform comprising policies, structures, systems, organizations and mechanisms focused on collection efficiency and the migration of payment delinquency. Also, the Company enters into take-up arrangements with institutions such as Pag-IBIG to monetize its receivables. From time to time, the Company enters into loan arrangements with banks against its receivables portfolio as collateral for an interest rate ranging from 5.25% to 5.5%. The Company sells its receivables to certain banks with recourse. Typically, under such arrangements, if take-up by Pag-IBIG does not occur within one (1) to five (5) years of the sale of the receivables, the Company is required to either extend the term or repurchase the receivables. For the full year ending December 31, 2021, the Company has submitted to Pag-IBIG approximately ₱6 billion.

In 2018, 2019, certain subsidiaries of the Company entered into various CTS Receivables Sale and Purchase Agreements ("RSPAs") with Dearborn Resources and Holdings, Inc. ("Dearborn") for the sale of CTS Receivables at face value (outstanding principal balance at the time of sale) by such subsidiaries to Dearborn in tranches and on a without recourse basis. As of date, these RSPAs cover CTS Receivables with total principal or face value of approximately ₱15 billion which the 8990 subsidiaries have assigned to Dearborn, and which receivables constituted 14.49% and 8.38% of the consolidated assets of the Company in 2018 and 2019, respectively. The interest income that the Company would have otherwise received had such CTS receivables continued to full term is approximately ₱23.89 billion. Similarly, in 2019, 2020 and 2021, certain subsidiaries of the Company entered into various RSPAs with Filmore Resources Holdings, Inc. ("Filmore") for the sale of CTS Receivables at face value by such subsidiaries to Fillmore in tranches and on a without recourse basis. As of date, these RSPAs cover CTS Receivables with total principal or face value of approximately ₱12.6 billion which the 8990 subsidiaries have assigned to Filmore, and which receivables constituted 16.11 and 14.% of the consolidated assets of the Company in 2020 and 2021 (as of the date of the last sale), respectively. The interest income that the Company would have otherwise received had such CTS receivables continued to full term is approximately ₱20.59 billion. As of the date hereof, except for the loan facilities extended by the Company in favor of Dearborn, none of the Company, its directors, officers, or principal shareholders, have any interest, directly or indirectly, in Dearborn or Filmore.

In addition, since 2016, the Company has engaged in the sale of its receivables to banks on a non-recourse basis. Failure to meet the obligations backed by receivables on a non-recourse basis will lead to the transfer of rights of the receivables to the banks. Furthermore, the Company has begun to explore possible securitization transactions with respect to a portion of its receivables portfolio. In a letter dated 16 October 2020, the SEC advised the Company that the SEC En Banc has conditionally approved the securitization plan of the Company covering approximately ₱2.13 billion in CTS receivables, subject to the submission of the final credit rating report. Under the securitization plan, the Company and certain subsidiaries (namely, 8990 Housing, 8990 Luzon, 8990 Davao, and Fog Horn) will sell to a special purpose corporation, CBC Assets One (SPC), Inc., CTS receivables from about 2,511 CTS accounts with an original term of up to twenty-five (25) years. Concurrent with the sale of such receivables, CBC Assets One as issuer will issue asset-backed certificates worth about ₱2.13 billion (based on the face value of the CTS receivables acquired) backed by the CTS receivables. 8990 HDC will act as servicer of the CTS Receivables under the securitization plan. The asset-backed certificates will consist of Tranche A certificates with principal value of approximately ₱1.59 billion and Tranche B certificates with principal value of approximately ₱531.3 million to be sold at face value. The SEC has likewise confirmed that the issuance of the asset-backed certificates is considered an exempt transaction (and, thus, exempt from SEC registration) as the certificates will be issued to not more than nineteen (19) investors in the Philippines. As of date, the Company has yet to complete such securitization. The Company may be left with the riskiest tranche of its receivables portfolio due to this securitization. As the Company has not completed the aforementioned securitization transactions, there can be no guarantee that such transaction will materialize. The Company might not always successful manage its receivables. The inability to manage its receivables portfolio could lead to a situation where the Company does not have sufficient cash to pay its obligations as they come due or have insufficient cash to meet its expansion strategy. If any of the Company's means of managing its liquidation risks is unsuccessful, the result could have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Company relies on its experience management team with extensive expertise in Mass Housing development.

The real estate industry in the Philippines is capital intensive, and the Company may be unable to readily raise necessary amounts of funding to acquire new land or complete existing projects.

The real estate industry in the Philippines is capital intensive, and market players are required to incur significant expenditure to acquire land for development, complete existing projects and commence construction on new developments.

Historically, the Company has funded a significant portion of its capital expenditure requirements as well as steady growth from external sources of financing; however, it may also fund such requirements through other means, such as equity sales, among others, in the future. There can be no assurance that, to complete its planned projects or satisfy its other liquidity and capital resources requirements, the Company will be able to obtain sufficient funds at acceptable rates to fund its capital expenditure requirements, or that it will not issue Common Shares that may cause dilution, or that it will be able to obtain sufficient funds at all. Failure to obtain the requisite funds could delay or prevent acquisition of land for or completion of projects and materially and adversely affect the Company's business, financial condition and results of operations.

To mitigate this risk, the Company maintains strong relationships with key housing and shelter agencies. It may also obtain financing from capital markets.

A portion of demand for the Company's products is from OFs, which exposes the Company to risks relating to the performance of the economies of the countries where these potential customers are located.

Sales to OFs, including overseas Filipino workers ("**OFWs**") and Filipino expatriates, generate a portion of the demand for the Company's housing and land development projects. In addition, unnamed OFWs may provide financial support to named buyers who are located in the Philippines. A number of factors could lead to, among other effects, reduced remittances from OFWs, a reduction in the number of OFs or a reduction in the purchasing power of OFs. These include:

- an appreciation of the Philippine peso, which would result in decreased value of the other currencies transmitted by OFs;
- any difficulties in the repatriation of funds;
- a downturn in the economic performance of the countries and regions where a significant number of these potential customers and supporters are located, such as the United States, the Middle East, Italy, the United Kingdom, Singapore, Hong Kong and Japan;
- a change in Government regulations that currently exempt the income of OFWs from taxation in the Philippines;
- the imposition of restrictions by the Government on the deployment of OFWs to particular countries or regions, such as the Middle East; and restrictions imposed by other countries on the entry or the continued employment of foreign workers.

As an example, the Company believes that the global economic downturn of 2008 resulted in OFW remittances tending to be used for basic family expense or savings and bank deposits rather than for investing in or purchasing real estate. In addition, turmoil in the Middle East and North Africa have resulted in OFs being repatriated from these regions and losing their steady sources of income. Currently, the constrained economic activities brought by the COVID-19 has resulted in mass layoffs and repatriation of thousands of OFWs. These events adversely affected demand for the Company's projects from OFs, which could have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Company relies on Management's extensive experience and in-depth knowledge of the real estate business, particularly in the Mass Housing market. The Company has also adopted strategies, among others, to increase its existing coverage and grow geographically.

The Company's focus on residential housing and land development exposes it to sector-specific risks, including competition in the Philippine residential real estate industry.

The housing market involves significant risks distinct from those involved in the ownership and operation of established properties, including the risk that the Company may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. The Company's results of operations are therefore dependent, and are expected to continue to be dependent, on the continued success of its residential and land development projects.

Additionally, the Philippine residential real estate industry is highly competitive. The Company's income from, and market values of, its real estate projects are largely dependent on these projects' popularity when compared to similar types of projects in their areas, as well as on the ability of the Company to correctly gauge the market for its projects. Important factors that could affect the Company's ability to effectively compete include a project's relative location versus that of its competitors, particularly to transportation facilities and commercial centers, the quality of the housing and related facilities offered by the Company, price and payment terms of the project, available financing for the project and the overall attractiveness of the project. The time and costs involved in completing the development and construction of residential projects can be affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, natural disasters, labor disputes with contractors and subcontractors, and the occurrence of other unforeseeable circumstances. Any of these factors could result in project delays and cost overruns, which could negatively affect the Company's margins. Moreover, failure by the Company to complete construction of a project to its planned specification or schedule may result in contractual liabilities to purchasers and lower returns, all of which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company believes that it is one of the few developers dedicated to serve 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.

Historically low interest rates, expansion in overall liquidity, extensive construction of housing units and other factors could lead to the risk of formation of asset bubbles in real estate.

For the past several years, central banks globally, including the BSP, have kept overall interest rates at historically low levers for an extended period of time. This has occurred in conjunction with high levels of liquidity in the Philippines owing to strong and growing remittances from OFWs, the expansion of consumer credit provided by banks, the expiry of the BSP's requirement for banks to maintain special deposit accounts and strong inflows of foreign investments, among other factors. In addition, before the COVID-19 pandemic, the pace of real estate construction, particularly for housing in and surrounding Metro Manila and other urban areas, has likewise been strong by historical standards. All these have increased the risk that rising prices may not be sustainable, particularly in the real estate sector. If rising prices are not sustained, the result could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is confident in the efforts of the BSP to control inflation and prevent the formation of asset bubbles in real estate. The country also has a very young demographic profile benefitting from rising disposable income. 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. The Company also has an experienced management team to mitigate this risk.

Competition for the acquisition of land for new projects and risks relating to the management of its land bank, including fluctuations in demand and prices, may adversely affect the Company's business.

The Company's future growth and development are dependent, in part, on its ability to acquire additional tracts of land suitable for the Company's future real estate projects. When the Company attempts to locate sites for development, it may experience difficulty locating parcels of land of suitable size in locations and at prices acceptable to the Company, particularly parcels of land located in areas surrounding Metro Manila and in other urban areas throughout the Philippines. In the event the Company is unable to acquire suitable land at prices and in locations that could translate into reasonable returns, or at all, its growth prospects could be limited and its business and results of operations could be adversely affected.

In addition, the risks inherent in purchasing and developing land increase as consumer demand for residential real estate decreases. The market value of land, subdivision lots and housing inventories can fluctuate significantly as a result of changing market conditions. There can be no assurance that the measures the Company employs to manage land inventory risks will be successful. In the event of significant changes in economic, political, security or market conditions, the Company may have to sell subdivision lots and housing and condominium units at significantly lower margins or at a loss. Changes in economic or market conditions may also require the Company to defer the commencement of housing and land development projects. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Company relies on management's extensive experience and a strategy of replenishing its land bank for future developments, selectively acquiring parcels and properties that meet its requirements for potential projects.

There can be no assurance that the Company will not suffer from substantial sales cancellations. The Company faces certain risks related to the cancellation of sales involving its residential projects and, if the Company were to experience a material number of sales cancellations, the Company's historical revenue would be overstated.

As a developer and seller of residential real estate, the Company's business, financial condition and results of operations could be adversely affected in the event a material number of horizontal subdivision, MRB unit or high-rise unit sales are cancelled.

The Company is subject to Republic Act No. 6552 (the "Maceda Law"), which applies to all transactions or contracts involving the sale or financing of real estate through installment payments, including residential condominium units. Under the Maceda Law, buyers who have paid at least two years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. If the contract is cancelled by the Company, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of installments and who default on installment payments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without right of refund.

While the Company historically has not experienced a material number of cancellations to which the Maceda Law has applied, there can be no assurance that it will not experience a material number of cancellations in the future, particularly during slowdowns or downturns in the Philippine economy. In the event the Company does experience a material number of cancellations, it may not have enough funds on hand to pay the necessary cash refunds to buyers or it may have to incur indebtedness in order to pay such cash refunds. The Company may also experience losses relating to these cancellations. In addition, particularly during an economic slowdown or downturn, there can be no assurance that the Company would be able to re-sell the same property or re-sell it at an acceptable price. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.

Furthermore, in the event the Company experiences a material number of sales cancellations, the Company's historical revenues would have been overstated because such historical revenue would not have accurately reflected subsequent customer defaults or sales cancellations. As a result, the Company's historical income statements are not necessarily accurate indicators of the Company's future revenue or profits.

To mitigate this risk, the Company relies on its customer-focused product and payment scheme that is best suited for the Mass Housing market, coupled with effective collection and risk management policies. The Company has also adopted a strategy to promote home ownership in the Mass Housing segment by continuing to develop financing products tailored to the specific needs, requirements and financial situation of Mass Housing customers.

The Company may not be able to successfully manage its growth or expansion strategies.

The Company intends to continue to pursue an aggressive growth strategy for its residential property business. To this end, the Company currently has 17 ongoing projects, as of December 31, 2021, and is expecting to launch two (2) new ones in 2022. License to Sell of the one out of two projects for launching are secured, to date. The Company's growth strategy for its housing and land development business may require the Company to manage additional relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. This substantial growth in projects will also require significant capital expenditure, which may entail taking on additional debt or equity to financing housing and land development projects.

There can be no assurance that, in the course of implementing its growth strategy, the Company will not experience capital constraints, delays in obtaining relevant licenses and permits, construction delays, operational difficulties at new operational locations or difficulties in operating existing businesses and training personnel to manage and operate the expanded business. The Company may also experience delays resulting from its current strategy of engaging a limited number of contractors for its construction operations. See "- Independent contractors may not always be available, and once hired by the Company, may not be able to meet the Company's quality standards or to complete projects on time and within budget." Any inability or failure to adapt effectively to growth, including strains on management and logistics, could result in losses or development costs that are not recovered as quickly as anticipated, if at all. These problems could have a material adverse effect on the Company's reputation and on its business, results of operations or financial condition.

Similarly, the Company intends to further pursue its strategy of expanding its MRB residential developments and high-rise building developments. To this end, the Company intends to construct more MRB developments and complete its first high-rise building development. The Company's strategy to expand these businesses will require the Company to manage additional relationships with third parties such as potential retailers, suppliers and contractors. Moreover, high-rise building development will be a new line of business to the Company. As a result, the Company could encounter various issues that it does not have extensive experience dealing with associated with this business, such as applicable laws relating to commercial rental/tenancy laws and condominium construction and different construction, operational and marketing requirements, among others. There can be no assurance that the Company's continued expansion into MRB developments and new expansion into high-rise building developments will be successful. There can also be no assurance that there will be a market for the Company's high-rise building developments. As a result, the Company's decision to pursue such expansion could have a material adverse effect on the Company's reputation and its business.

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 also has an experienced management team to mitigate this risk.

Increased inflation, fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on the Company's and its customers' ability to obtain financing.

Interest rates, and factors that affect interest rates, such as the Government's fiscal policy, could have a material adverse effect on the Company and on demand for its products. For example:

- Higher interest rates make it more expensive for the Company to borrow funds to finance ongoing projects or to obtain financing for new projects.

- Because the Company believes that a substantial portion of its customers procure financing (either using the Company's in-house financing program or through banks) to fund their property purchases, higher interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for the Company's residential projects.

- If Pag-IBIG increases the rates at which it lends to customers, the Company would also need to increase the rates of its in-house financing program due to the in-house financing program's mirroring of Pag-IBIG requirements as part of the Company's strategy for easier off-take by Pag-IBIG.

- If the Government significantly increases its borrowing levels in the domestic currency market, this could increase the interest rates charged by banks and other financial institutions and also effectively reduce the amount of bank financing available to both prospective property purchasers and real estate developers, including the Company.

- The Company's access to capital and its cost of financing are also affected by restrictions, such as single borrower limits, imposed by the BSP on bank lending. If the Company were to reach the single borrower limit with respect to their current or preferred bank or banks, the Company may have difficulty-obtaining financing on the same or similar commercial terms from other banks.

- Increased inflation in the Philippines could result in an increase in raw materials costs, which the Company may not be able to pass on to its customers as increased prices or to its contractors by having the Company's contractors absorb raw material cost increases.

The occurrence of any of the foregoing events, or any combination of them, or of any similar events could have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Company relies on its Competitive Strengths and Key Strategies.

Titles over land owned by the Company may be contested by third parties.

While the Philippines has adopted a system of land registration that is intended to conclusively confirm land ownership and is binding on all persons (including the Government), it is not uncommon for third parties to claim ownership of land that has already been registered and over which a title has been issued. There have also been cases where third parties have produced false or forged title certificates over land. The Company has occasionally had to defend itself against third parties who claim to be the rightful owners of land that has been either titled in the name of the persons selling the land to the Company or that has already been titled in the name of the Company. In the event a greater number of third-party claims are brought against the Company or any such claims involves land that is material to the Company's housing and land development projects, the Company's management may be required to devote significant time and incur significant costs in defending the Company against such claims. In addition, if any such claims are successful, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of the Company's housing and land development projects. Any of the foregoing circumstances could have a material adverse effect on the Company's business, financial condition and results of operations, as well as on its business reputation.

To mitigate this risk, the Company undertakes due diligence in the acquisition of parcels of land.

The Company faces risks relating to project cost and completion.

Construction of property projects may take as long as a year or longer before generating positive net cash flow through sales. As a result, the Company's cash flows and results of operations may be significantly affected by its project development schedules and any changes to those schedules. Other factors that could adversely affect the time and the costs involved in completing the development and construction of the Company's projects include:

- natural catastrophes and adverse weather conditions;
- changes in market conditions, economic downturns, unemployment rate, and decreases in business and consumer sentiment in general;
- delays in obtaining government approvals and permits;
- changes in laws or in Government priorities;
- relocation of existing residents and/or demolition of existing constructions;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes with contractors and subcontractors;
- construction accidents;
- errors in judgment on the selection and acquisition criteria for potential sites;
- lack of familiarity with high-rise projects; and
- other unforeseen problems or circumstances.

Any of these factors could result in project delays and cost overruns, which may harm the Company's reputation as a property developer or lead to cost overruns or loss of or delay in recognizing revenues and lower margins. This may also result in sales and resulting profits from a particular development not being recognized in the year in which it was originally expected to be recognized, which could adversely affect the Company's results of operations for that year. Furthermore, the failure by the Company to complete construction of a project to its planned specifications or schedule may result in contractual liabilities to purchasers and lower returns. The Company cannot provide any assurance that it will not experience any significant delays in completion or delivery of its projects in the future or that it will not be subject to any liabilities for any such delays.

The Company's reputation will be adversely affected if projects are not completed on time or if projects do not meet customers' requirements.

If any of the Company's projects experience construction or infrastructure failures, design flaws, significant project delays, quality control issues or otherwise, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers to its new and existing housing and land development projects. Any negative effect on the Company's reputation or its brand could also affect the Company's ability to sell its housing and land development projects. This would impair the Company's ability to reduce its inventory and working capital requirements. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect its results of operations or financial condition.

To address this risk, the Company's overall business strategy is geared to deliver with speed and quality the right products (a DECA Homes house or Urban DECA Homes MRB unit) to its target customers.

Independent contractors may not always be available, and once hired by the Company, may not be able to meet the Company's quality standards or to complete projects on time and within budget.

The Company relies on independent contractors to provide various services, including land clearing, infrastructure development and various construction projects. In particular, the Company relies mainly on the Lasvazmun and Conmax groups of companies to complete the construction for substantially all of its projects. Should either of the contractors mentioned above become unable to perform with respect to their contracted scope of work, there can be no assurance that the Company will be able to find or engage an independent contractor for any particular project or find a contractor that is willing to undertake a particular project within the Company's budget and schedule, which could result in costs increases or project delays.

Furthermore, although the Company's personnel actively supervise the work of such independent contractors, there can be no assurance that the services rendered by any of its independent contractors will always be satisfactory or match the Company's requirements for quality and timing. Contractors may also experience financial or other difficulties up to insolvency, and shortages or increases in the price of construction materials or labor may occur, any of which could delay the completion or increase the cost of certain housing and land development projects, and the Company may incur additional costs as a result thereof. Any of these factors could have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Company trains its contractors on the processes used in the construction of its projects. The Company also sends its engineers to oversee critical functions in project construction to ensure the quality of work of its contractors.

The Company uses exclusive external third-party brokers to sell a significant portion of its residential housing and land development projects.

The Company uses exclusive external third-party brokers to market and sell all of its residential housing and land development projects to potential customers. If these brokers do not meet their requisite sales targets, the Company's business, financial condition and results of operations could be adversely affected. Moreover, there is competition for the services of third-party brokers in the Philippines and many of the Company's competitors may attempt to recruit brokers away from the Company. If a large number of these third-party brokers were to cease selling for the Company, the Company would be required to seek other external brokers, and there can be no assurance that the Company could do so quickly or in sufficient numbers. Also, negative publicity on the Company's exclusive third-party brokers may spill over and have a negative effect on the Company's reputation. Furthermore, with the passage of R.A. No. 9646 or The Real Estate Service Act of the Philippines and its implementing rules, more stringent requirements are now being imposed in respect of the practice of real estate service, as well as the qualifications and licensing of real estate service practitioners. There can be no assurance that the imposition of these requirements will not affect the real estate service practice of the Company, or its ability to retain its existing third-party brokers or identify new third party brokers. These factors could disrupt the Company's business and negatively affect its financial condition, results of operations and prospects.

To mitigate this risk, all of the unit managers and the agents who constitute the marketing and distribution network of the Company are exclusively contracted by the Company. Furthermore, all unit managers are accredited licensed realtors. The Company trains its marketing teams monthly on topics including new Company policies, product information and terms and conditions of sale.

The Company operates in a highly-regulated environment and it is affected by the development and application of regulations in the Philippines.

The Philippines' housing market is highly regulated. The development of subdivision and other residential projects is subject to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits. In addition, projects that are to be located on agricultural land must get clearance from the Philippine Department of Agrarian Reform ("DAR") so that the land can be re-classified as non-agricultural land and, in certain cases, tenants occupying agricultural land may have to be relocated at the Company's expense.

Presidential Decree No. 957, as amended, ("PD 957") and BP 220 are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. PD 957 and BP 220 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. The HLURB is the administrative agency of the Government which enforces these statutes. Regulations applicable to the Company's operations include standards regarding:

- the suitability of the site;
- road access;
- necessary community facilities;
- open spaces;
- water supply;
- sewage disposal systems;
- electricity supply;
- lot sizes;
- the length of the housing blocks; and
- house construction.

All subdivision development plans are required to be filed with and approved by the local government unit with jurisdiction over the area where the project is located. Approval of development plans is condition on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities and donation of roadways to and other easements in favor of the relevant government agencies. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. There can be no assurance that the Company, its Subsidiaries or associates or partners will be able to obtain governmental approvals for its projects or that when given, such approvals will be in accordance with the Company's planned timing for the relevant project and will not be later revoked. Any non-receipt or delay in receipt of approvals could affect the Company's ability to complete projects on time or at all.

In addition, owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of subdivision lots and housing and condominium units. Project permits and any license to sell may be suspended, cancelled or revoked by the HLURB based on its own findings or upon complaint from an interested party and there can be no assurance that the Company, its Subsidiaries, associates or partners will in all circumstances, receive the requisite approvals, permits or licenses or that such permits, approvals or licenses will not be cancelled or suspended. Any of the foregoing circumstances or events could affect the Company's ability to complete projects on time, within budget or at all, and could have material adverse effect on its financial condition and results of operations.

To mitigate this risk, the Company adopts a strong compliance culture and maintains strong relationship with key housing and shelter agencies and positive relationships with regulatory agencies and local government agencies.

Environmental laws applicable to the Company's projects could have a material adverse effect on its business, financial condition or results of operations.

In general, developers of real estate projects are required to submit project descriptions to regional offices of the Philippine Department of Environment and Natural Resources ("DENR"). For environmentally-sensitive projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment ("EIA") may be required and the developer will be required to obtain an Environmental Compliance Certificate ("ECC") to certify that the project will not have an unacceptable environmental impact. There can be no assurance that current or future environmental laws and regulations applicable to the Company will not increase the costs of conducting its business above currently projected levels or require future capital expenditures. In addition, if a violation of an ECC occurs or if environmental hazards on land where the Company's projects are located cause damage or injury to buyers or any third party, the Company may be required to pay a fine, to incur costs in order to cure the violation and to compensate its buyers and any affected third parties. The Company cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to the Company's business could have a material adverse effect on its business, financial condition and results of operations.

To mitigate this risk, the Company adopts a strong compliance culture and maintains strong relationships with key housing and shelter agencies and positive relationships with regulatory agencies and local government agencies.

The loss of certain tax exemptions and incentives will increase the Company's tax liability and decrease any profits the Company might have in the future.

The Company benefits from provisions under Philippine law and regulations which exempt sales of residential lots with a gross selling price of ₱1.5 million or less and sales of residential houses and lots with a gross selling price of ₱2.5 million or less from the VAT of 12.0%. however, under the TRAIN Law which amended certain provisions of the Tax Code, beginning January 1, 2021, the VAT exemption shall only apply to (i) sale of real estate property not primarily held for sale to customers or held for lease in the ordinary course of business; (ii) sale of real property utilized for socialized housing as defined by Republic Act No. 7279; and (iii) sale of house and lot, and other residential dwellings with selling price of not more than ₱2 million.

There is no assurance that laws and regulations removing the VAT exemption for socialized housing will be passed and enacted in the future. If the VAT exemptions are removed, the selling prices for the Company's subdivision lots and housing and condominium units may increase, which increase could adversely affect the Company's sales. Because taxes such as VAT are expected to have indirect effects on the Company's results of operations by affecting general levels of spending in the Philippines and the prices of subdivision lots and houses, any adverse change in the Government's VAT-exemption policy could have an adverse effect on the Company's results of operations.

Under R.A. 7279 the Company is required to construct a certain number of Socialized Housing units for each project that intends to receive BOI accreditation. This requirement is measured in the form of a ratio test between the number of Socialized Housing units for the project and the number of Economic Housing units for that same project. The Company does not have the same experience with developing Socialized Housing units as it does with developing Economic Housing units and may incur greater costs and/or not achieve comparable levels of success in its development of Socialized Housing units. Furthermore, Socialized Housing units have lower profit margins for the Company than Economic Housing units. If, due to regulatory changes, the Company is required to increase its ratio of Socialized Housing unit construction, then the Company's business, financial condition and results of operations may be adversely affected.

Natural or other catastrophes, including severe weather conditions, may materially disrupt the Company's operations, affect its ability to complete projects and result in losses not covered by its insurance.

The Philippines has experienced a number of major natural catastrophes over the year, including typhoons, droughts, volcanic eruptions and earthquakes. Recently, on January 12, 2020, Taal Volcano erupted causing ash falls and earthquakes in Metro Manila, Southern Luzon, some parts of Central Luzon and Pangasinan in the Ilocos region. The PHILVOCS issued an Alert Level 4, which means a hazardous explosive eruption may happen at any given moment. The explosion resulted to the suspension of classes, work schedules, and flights.

There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's housing and land development projects, many of which are large, complex estates with infrastructure, such as buildings, roads and perimeter walls, which are susceptible to damage. Damage to these structures resulting from such natural catastrophes could also give rise to claims against the Company from third parties or from customers for physical injuries or loss of property. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect the Company's business, financial condition and results of operations.

While the Company carries all-risks insurance during the project construction stage and requires all of its purchasers to carry fire insurance, the Company does not carry any insurance for certain catastrophic events, and there are losses for which the Company cannot obtain insurance at a reasonable cost or at all. Neither does the Company carry any business interruption insurance. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property; as well as the anticipated future turnover from such property, while remaining liable for any project construction costs or other financial obligations related to the property. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and result of operations.

Construction defects and other building-related claims may be asserted against the Company, and the Company may be subject to liability for such claims.

Philippine law provides that property developers, such as the Company, warrant the structural integrity of houses that were designed or built by them for a period of 15 years from the date of completion of the house. The Company may also be held responsible for hidden (i.e., latent or non-observable) defects in a house sold by it when such hidden defects render the house unfit for the use for which it was intended or when its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six months from the delivery of the house to the buyer. In addition, Republic Act No. 6541, as amended, or the National Building Code of the Philippines (the "Building Code"), which governs, among others, the design and construction of buildings, sets certain requirements and standards that must be complied with by the Company. The Company or its officials may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code.

There can be no assurance that the Company will not be held liable for damages, the cost of repairs, and/or the expense of litigation surrounding possible claims or that claims will not arise out of uninsurable events, such as landslides or earthquakes, or circumstances not covered by the Company's insurance and not subject to effective indemnification agreements with the Company's contractors. Neither can there be any assurance that the contractors hired by the Company will be able to either correct any such defects or indemnify the Company for costs incurred by the Company to correct such defects. In the event a substantial number of claims arising from structural or construction defects arise, this could have a material adverse effect on the Company's reputation and on its business, financial condition and results of operations.

To mitigate this risk, the Company endeavors to have foreseeable risks covered by the Company's insurance, to the extent possible and practicable. The Company's engineers also monitor its general contractors to ensure that all construction work is according to the project specifications and work inspection is conducted before any progress billing is approved. Furthermore, the Company also retains 10% of the project cost for a specified period to cover for any construction defect or other liability on the part of the contractor.

The Company has a number of related-party transactions with affiliated companies.

The companies controlled by the principal owners have a number of commercial transactions with the Company. The Company had entered into a number of transactions with its related parties, which primarily consist of advances and reimbursements of expenses and sale and purchase of real estate properties and development.

The transactions referred to above are described in Note 29 of the 2021 Audited Consolidated Financial Statements. The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with the principal owners. These transactions may involve potential conflicts of interest which could be detrimental to the Company and/or its stakeholders. Conflicts of interest may also arise between the Company and the Selling Shareholders in a number of other areas relating to its businesses, including:

- Major business combinations involving the Company and its Subsidiaries;
- Plans to develop the respective businesses of the Company and its Subsidiaries; and
- Business opportunities that may be attractive to the Selling Shareholders and the Company.

The Company can provide no assurance that its related-party transactions will not have a material adverse effect on its business or results of operations.

All related-party transactions are executed with caution and guided judgement, and are properly documented.

To mitigate this risk, the related-party transactions are made on arms-length basis.

8990 is a holdings company that depends on dividends and distributions from the Subsidiaries.

8990 is a holding company and conducts no independent business operations other than providing certain corporate and other support service to the Subsidiaries. 8990 conducts substantially all of its operations through the Subsidiaries. Substantially all of its assets are held by, and substantially all of its earnings and cash flows are attributable to, the Subsidiaries. 8990's liquidity, ability to pay interest and expense, meet obligations, provide funds to its Subsidiaries and distribute dividends are dependent upon the flow of duns from the Subsidiaries. There can be no assurance that the Subsidiaries will generate sufficient earnings and cash flows to pay dividends or otherwise distribute sufficient funds to 8990 to enable it to meet its own financial obligations.

The ability of the Subsidiaries to pay dividends is subject to applicable laws and restructions contained in debt instruments of such Subsidiaries and may also be subject to deduction of taxes. No assurance can be given that 8990 will have sufficient cash flow from dividends to satisfy its own financial obligations. Any shortfall would have to be made up from other sources of revenue, such as a sale of investments, or financing available to the Company, which could materially and adversely affect the Company's business, financial condition and results of operations.

The Company is highly dependent on the continued service of its directors, members of senior management and other key officers.

The Company's directors, members of its senior management, and other key officers have been an integral part of its success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. Key executives and members of management of the Company include Luis N. Yu, Jr., and Mariano D. Martinez, Jr. If the Company loses the services of any such person and is unable to fill any vacant key executive or management positions with qualified candidates, or it the qualified individual takes any vacant key executive or management positions with qualified candidates, or if the qualified individual takes time to learn the details of the Company, the Company's business and results of operations may be adversely affected.

The Company believes it maintains a positive relationship with its directors, members of senior management and other key officers.

The Company may be unable to attract and retain skilled professionals, such as architects, engineers and third-party contractors.

The Company's ability to plan, design and execute current and future projects depends on its ability to attract, train, motivate and retain highly skilled personnel, particularly architects, engineers and third-party contractors. The Company believes that there is significant demand for such personnel not only from its competitors but also from companies outside the Philippines, particularly companies operating in the Middle East. Any inability on the part of the Company in hiring and, more importantly, retaining qualified personnel could impair its ability to undertake project design, planning and execution activities in-house and could require the Company to incur additional costs by having to engage third parties to perform these activites.

The Company believes it maintains a positive relationship with its architects, engineers and third party contractors. To attract and retain skilled professionals, the Company also provides a competitive compensation and benefits package.

Any deterioration in the Company's employee relations could materially and adversely affect the Company's operations.

The Company's success depends partially on its ability to maintain a productive workforce. Any strikes, work stoppages, work slowdowns, grievances, complaints or claims of unfair practices or other deterioration in the Company's employee relations could have a material and adverse effect on the Company's financial condition and results of operations.

The Company believes it maintains a positive relationship with its employees through established organizational and employee policies and procedures that promote a good working environment and company culture.

The Company may, from time to time, be involved in legal and other proceedings arising out of its operations.

The Company may, from time to time, be involved in disputes with various parties involved in the construction and operation of its properties, including contractual disputes with contractors, suppliers, construction workers, and homeowners or property damage or personal liability claims. Regardless of the outcome, these disputes may lead to legal or other proceedings and may result in substantial costs, delays in the Company's development schedule, and the diversion of resources and management's attention. The Company may also have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavorable discussions that result in penalties and/or delay the development of its projects. In such cases, the Company's business, financial condition, results of operations and cash flows could be materially and adversely affected.

To mitigate this risk, the Company shall endeavor to amicably settle the legal proceedings and exhaust all legal remedies available.

Disruptions in the financial markets could adversely affect the Company's ability to refinance existing obligation or raise additional financing, including equity financing.

Disruptions in the global financial markets in 2008 and 2009 resulted in a tightening of credit markets worldwide, including in the Asia Pacific region. Liquidity in the global and regional credit markets severely contracted as a result of these market disruptions, making it difficult and costly to refinance existing obligations or raise additional financing, including equity financing. While liquidity has increase and credit markets have improved since then, there can be no assurance that such conditions will not reoccur. If such conditions reoccur, it may be difficult for the Company to obtain additional financing on acceptable terms or at all, which may prevent the Company from completing its existing projects and future development projects and have an adverse effect on the Company's results of operations and business plans. If due to general economic conditions, the Company is unable to obtain sufficient funding to complete its projects in a feasible manner, or if management decides to abandon certain projects, all or a portion of the Company's investments to date on its projects could be lost, which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The incurrence of additional debt to finance the Company's planned development projects could impair the Company's financial condition, results of operations and cash flows. The Company may need to incur additional debt to finance its expansion projects and future development projects. This indebtedness could have important consequences for the Company. For example, it could:

- Make it more difficult for the Company to satisfy its debt obligations as they become due;
- Increase the Company's vulnerability to general adverse economic and industry conditions;
- Impair the Company's ability to obtain additional financing in the future for working capital needs, capital expenditures, development projects, acquisition or general corporate purposes;

- Require the Company to dedicate a significant portion of its cash flow from operations to the payment of the principal and interest on its debt, which would reduce the funds available for the Company's working capital needs, capital expenditures or dividend payments;

Item 2. Properties

Project Development and Construction

Land Acquisition

Land acquisition offer to the Company and/or joint ventures begins with the Company making a marketability determination of the location of the property, based on the intended development. The Company has developed specific procedures to identify land that is suitable for its needs and performs market research to determine demand for housing in the markets it wishes to enter. These factors include:

- the general economic condition of the environment surrounding the property;
- suitable land must be located near areas with sufficient demand or that the anticipated demand can justify any development;
- the site's accessibility from nearby roads and major thoroughfares;
- the availability of utility infrastructure, such as electric transmission facilities, telephone lines and water systems; and
- the overall competitive landscape and the neighboring environment and amenities.

The Company also considers the feasibility of obtaining required governmental licenses, permits and authorizations, as well as adding necessary improvements and infrastructure including sewage, roads and electricity.

If the property passes the initial procedure, the Company then conducts due diligence on the property. The evaluation process focuses on the following major factors:

- legal documents (e.g. title) related to the property;
- property valuation;
- geographic location (i.e. proximity to public transportation);
- technical characteristics of the property (e.g., location of fault lines); and
- other factors impacting the suitability and feasibility of developing future projects.

Before the Company acquires land, it conducts extensive checks on both the owner and the land itself, with a particular focus on the veracity of the title covering the land and whether it can be traced back to the original judicial decree granting title over the land. As and when needed, the Company also engages third parties, such as surveyors and engineers, to verify that the land it seeks to acquire is covered by the technical description of the title. The Company also conducts its own valuation of the property based on, among other factors, other similar properties in the market and an assessment of the potential income derivable from any development suitable for the property. The Company also conducts engineering and environmental assessments in order to determine if the land is suitable for construction. The land must be topographically amenable to housing development.

After the second stage is passed, the Company then determines the fair price and terms for the acquisition and then negotiates with the land owner for the purchase.

Site Development and Construction

Once the land for a project site has been acquired by the Company, site development and construction work for the Company's projects is contracted out to qualified and accredited independent contractors. The Company's accreditation procedure takes into consideration each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments. The Company relies on independent contractors to provide various services, including land clearing, infrastructure development and various construction projects. In particular, the Company primarily contracts with AGS Contek and Development, Inc., Ronen Construction, Creoterra, Inc., NN and N Realty and Panico Construction and Development Corporation to complete its horizontal projects; and Megawide Construction Corporation and Scheirman Construction Consolidated, Inc. to complete its vertical projects. Typically, these contractors are paid approximately 20% to 25% initially as down payments, with 65% to 70% paid on a turnkey basis and the remaining 10% paid after three months, retained as coverage for any faults.

The Company builds its horizontal subdivision units in five steps: (1) casting, (2) foundation preparation, (3) assembly, (4) roofing and retouching, and (5) finishing and detailing:

(1) Construction begins with the casting process, which comprises setting molds and pre-casting the walls and ceiling slabs near the actual project site. The Company's pre-casting process utilizes the proprietary concrete mix developed by the Company internally, which produces concrete slabs that are approximately four times stronger than typical concrete slabs used in the Philippines and dry in approximately 22 hours (compared to 21 days for standard casting).

(2) Simultaneously, the foundation at the site is prepared and laid, comprising laying down reinforcing bars and allocations for wiring and pipes, setting hooks for the assembly stage and pouring the concrete mixture. This phase is completed in one day.

(3) At the assembly stage, cranes are used to lift the pre-cast components and erect the components in the foundation that is prepared while casting is still in progress. The ends of the components are welded together. This process also takes one day.

(4) Roofing and retouching involves the addition of steel beams to support the roof, installation of the roof, and the retouching of rough edges in the concrete structure. This stage takes two to three days to complete.

(5) Lastly, finishing and detailing takes four to five days to complete and involves smoothing out the walls, floors and ceilings of the unit, applying paint, and installing doors, windows, and electrical and plumbing fixtures.

The Company currently has capacity to develop up to 15,000 units annually. The Company can further expand its capacity by increasing the number of its pre-fabrication molds, without requiring significant additional investments in time or resources.

Having developed the processes used in the construction of its projects, the Company trains its contractors on these topics. The Company also sends its engineers to oversee critical functions in project construction to ensure the quality of work of its contractors.

<u>Land Bank</u>

As an integral part of its strategy, the Company believes that if maintains a land bank of sufficient size and nature to ensure that it has adequate land to cover its development requirements. The Company has investment in properties situated in what the Company believes are prime locations across the Philippines for existing and future low-cost Mass Housing and land development projects for the next four (4) to five (5) years, most of which is located in areas with close proximity to major roads and primary infrastructure, and aims to expand its land bank to cover development in the next seven (7) to eight (8) years. As of December 31, 2022, the Company had a land bank of approximately 582.20 hectares of raw land for the development of its various projects, with some properties subject to liens or encumbrances.

Details of the Company's raw land inventory as of December 31, 20220 are set out in the table below:

Region	**Location**	**Rawland (HA)**
Luzon	San Mateo, Rizal	31.20
Luzon	Batasan, Quezon City	17.04
Luzon	Balara, Quezon City	17.60
Luzon	Alabang Zapote, Las Pinas City	4.80
Luzon	Filinvest, Alabang	0.12
Luzon	Otis, Mendiola	2.80
Luzon	Yakal Makati	0.14
Luzon	Taft, Manila	0.08
Luzon	Monticello, Baguio	4.27
Luzon	Teachers Camp, Baguio	0.19
Luzon	Juan Luna, Manila	0.23
Luzon	Tondo, Manila	1.30
Luzon	general trias, cavite (bellavista vacant lots)	1.10
Luzon	pampanga,angeles (DCRR wakeboard)	8.82
Luzon	Cutud Angeles, Pampanga	12.85
Luzon	Mabalacat, Pampanga	27.81
Luzon	Imus, Cavite	5.00
Luzon	Balagtas, Batangas City	7.69
Luzon	Meycauayan, Bulacan	2.26
Luzon	Ortigas Ext, Pasig	1.46
	Subtotal Luzon	**146.76**
Visayas	Monterazzas, Cebu	162.89
Visayas	Ormoc, Leyte	3.00
Visayas	Guadalupe, Cebu	3.20
Visayas	Cebu Business Park, Cebu	0.31
Visayas	Vistamar, Cebu	0.18
Visayas	Mactan, Cebu	43.80

Visayas	Talamban, Cebu	2.90
Visayas	San Miguel, Iloilo	65.67
Visayas	Granada, Bacolod	63.08
Visayas	Siquijor	8.00
Visayas	Pavia, Iloilo	3.26
	Subtotal Visayas	**356.29**
Mindanao	Mulig, Davao	15.30
Mindanao	Quirino, Davao	0.71
Mindanao	Tigatto, Davao	24.83
Mindanao	Butuan City	14.50
Mindanao	Talomo, Davao	23.81
	Subtotal Mindanao	**79.15**
	Total Landbank (Raw Land)	**582.20**

Luzon	**In Hectares**
Cubao, Quezon City	0.43
Ortigas Ext, Pasig	1.46
San Mateo, Rizal	31.20
Batasan, Quezon City	17.04
Balara, Quezon City	17.60
Commonwealth, Quezon City	2.00
Alabang Zapote, Las Pinas City	4.80
Filinvest, Alabang	0.12
Otis, Mendiola	2.80
Yakal, Makati	0.14
Taft, Manila	0.08
Tanza, Property	10.00
Monticello, Baguio	4.27
Teachers Camp, Bagio	0.19
Juan Luna, Manila	0.23
Tondo, Manila	1.30
General Trias, Cavite	1.10
Pampanga, Angeles	8.82
Meycauayan, Bulacan	2.26
Cutud, Angeles	29.23
Subtotal Luzon	**135.07**
Visayas	
Guadalupe, Cebu	3.20
Leganes, Iloilo	25.40
Cebu Business Park, Cebu	0.31
Vistamar, Cebu	0.18
Mactan, Cebu	45.33
Ormoc, Leyte	5.70
San Miguel, Iloilo	39.95
Granada, Bacolod	62.00
Talamban, Cebu	2.90

Monterazzas, Cebu	180.62
Siquijor	8.00
Sta. Barbara, Iloilo	32.58

The Company intends to continue to look for land in various parts of the Philippines for future development.

Property and Equipment

The following table summarizes the various real estate properties owned by the Company not intended for use as the site of future projects as of December 31, 20218:

	Name of Lessee	Monthly Rental (₱)	Term	Company
1	LFM Properties Corporation	80,550.40	8/1/2012-7/31/2013	HDC
		84,577.92	8/1/2013-7/31/2015	
		88,807.04	8/1/2015-7/31/2016	
		93,246.72	8/1/2016-7/31/2017	
		97,909.28	8/1/2017-7/31/2018	
		103,783.68	8/1/2018-7/31/2019	
		110,010.88	8/1/2019-7/31/2020	
		116,611.04	8/1/2020-7/31/2021	
		104,117.00	8/1/2021-7/31/2022	Holdings
		110,364.00	8/1/2022-7/31/2023	
		116,986.00	8/1/2023-7/31/2024	
		70,029.48	4/21/2019-4/20/2020	
		59,400.00	3/20/2020-2/19/2021	
2	SM Arena Complex Corporation	840,000.00	6/22/2013-6/22/2014	HDC
		840,000.00	6/22/2015-6/22/2016	
		840,000.00	6/22/2016-6/22/2017	
		840,000.00	6/22/2017-6/22/2018	
		840,000.00	6/22/2018-6/22/2019	
		886,666.67	6/22/2019-6/22/2020	Genvi
		791,666.67	6/27/2022 – 6/26/2023	
3	Philippine General Merchandise Corporation (2nd Floor)	12,678.75	4/1/2005-3/31/2007	HDC/FHI
		14,212.27	4/1/2007-3/31/2008	
		51,075.92	4/1/2008-3/31/2009	
		56,183.50	4/1/2009-9/30/2009	
		118,309.68	6/1/2009-11/30/2009	
		124,225.17	6/1/2010-5/30/2011	
		136,253.04	9/1/2010-8/31/2011	
		149,878.34	9/1/2011-8/31/2012	
		164,866.18	9/1/2013-8/31/2015	
		180,320.00	9/1/2015-8/31/2017	
		198,352.00	9/1/2017-8/31/2019	

		198,352.00	9/1/2019-8/31/2021	
		198,352.00	9/1/2021-8/31/2023	
4	**Philippine General Merchandise Corporation** (3rd Floor)	49,580.44	7/1/2015-7/1/2016	HDC/FHI
		159,600.00	7/1/2016-6/30/2018	
		173,040.00	7/1/2018-6/30/2020	
		173,040.00	7/1/2020-6/30/2022	
		180,723.00	6/1/2022-5/31/2024	
5	**Philippine General Merchandise Corporation** (5th Floor)	176,960.00	2/1/2018-3/31/2020	HDC
		176,960.00	2/1/2020-3/31/2022	
		184,468.00	6/1/2022-5/31/2024	
6	**Philippine General Merchandise Corporation** (Mezzanine)	77,040.00	6/1/2021-6/1/2022	HDC
7	**Iloilo New Life Commercial Inc.** (Mezzanine)	67,200.00	7/15/2017-01/14/2019	HDC
		67,200.00	1/15/2019-1/14/2020	
		67,200.00	1/15/2020-1/14/2021	
		60,000.00	1/15/2021-1/15/2022	
		60,000.00	1/16/2022-1/15/2023	
8	**Iloilo New Life Commercial Inc.** (Door 2)	23,520.00	8/1/2017-7/31/2018	HDC
		23,520.00	8/1/2018-7/31/2019	
		23,520.00	8/1/2019-7/31/2020	
		23,520.00	8/1/2020-7/31/2021	
		21,000.00	8/1/2021-7/31/2022	
		21,000.00	8/1/2022-7/31/2023	
11	**Iloilo New Life Commercial Inc.** (Door 3)	23,520.00	7/1/2017-6/30/2018	HDC
		23,520.00	7/1/2018-6/30/2019	
		23,520.00	7/1/2019-6/30/2020	
		23,520.00	7/1/2020-6/30/2021	
		21,000.00	7/1/2021-6/30/2022	
		21,000.00	7/1/2022-6/30/2023	
12	**Priscilla Mae Animas**	28,880.00	4/1/2019-3/31/2021	HDC
		30,208.00	4/1/2021-3/31/2023	
13	**Otropunto Corp. (Ground Floor)**	61,068.00	1/16/2016-1/15/2018	HDC
		67,175.02	1/16/2018-7/15/2018	
		67,175.02	7/16/2018-7/15/2019	
		67,175.02	7/16/2019-7/16/2020	
		67,175.02	7/16/2020-7/16/2021	
		64,176.12	7/16/2021-7/16/2022	
		70,982.47	7/16/2022-7/16/2023	
14	**Otropunto Corp. (2nd Floor)**	15,736.49	7/14/2021-7/16/2022	HDC
		17,453.19	7/16/2022-7/16/2023	
	Otropunto Corp. (3nd Floor)	17,976.00	7/16/2022-7/16/2023	HDC
15	**Calsado Enterprises**	32,423.16	6/5/2016-6/4/2017	HDC
		32,423.16	6/5/2017-6/4/2018	
		33,896.95	6/5/2018-6/4/2019	
		17,997.40	8/5/2019-8/4/2020	
		17,997.40	8/5/2020-8/4/2021	
		18,471.16	8/5/2021-8/4/2022	

16	**Rosalinda M. Amit**	13,000.00	11/11/2021-11/11/2022	HDC
17	**Greencove Enterprise, Inc (Ground Floor)**	104,500.00	3/20/2021-3/20/2026	HDC
18	**Greencove Enterprise, Inc (Third Floor)**	84,000.00	4/19/2021-3/20/2026	HDC
19	**Simed and Company Inc. (501)**	13,500.00	5/15/2021-5/14/2022	HDC
20	**Simed and Company Inc. (503-504)**	18,238.50	5/15/2021-5/14/2022	HDC

8990 Holdings

8990 as a lessee
8990 entered into a non-cancellable operating lease contract covering its principal office in Liberty Center Building in Makati City in 2012. The contract has a term of two (2) years, and was renewed in 2014. In 2014, 8990 also entered into a non-cancellable operating lease as a lessee covering a corporate suite located at the SM Mall of Asia Arena for a term of one (1) year and will expire on June 22,2015. The SM Mall of Asia lease has been renewed yearly and active, to date.

Fog Horn

Fog Horn as a lessee
Fog Horn recognized rent expense pertaining to rental of its office. The lease agreements are renewable annually upon mutual agreement of the parties. There is no future minimum rental payable under non-cancellable operating leases in 2012 to 2021.

8990 Housing

8990 Housing as lessee
Rent expense pertains to rental of 8990 Housing's office spaces and billboard. The lease agreements are renewable annually upon mutual agreement of the parties. 8990 Housing has no future minimum rentals payable under non-cancellable operating leases in 2012 to 2021.

8990 Housing as a lessor
A portion of the building owned by 8990 Housing is currently leased to a third party, which is covered by an operating lease contract for a period of ten (10) years starting 2007. This lease has been renewed yearly and active, to date.

8990 Luzon

8990 Luzon as a lessee
8990 Luzon recognized rent expense pertaining to rentals for office space, staff house, and generator set.

8990 Luzon as a lessor
8990 Luzon leased its investment properties for a period of five (5) years, with provision for automatic annual renewal unless formally terminated by either party, in 2012. The contract provided that first six (6) monthly leased fees for the first year shall be waived. As an exchange, 8990 Luzon shall be entitled to receive ten percent (10%) of monthly gross sales of riding passes in excess of PhP2 million.

Item 3. Legal Proceedings

Neither the Company nor any of its Subsidiaries are involved in, or the subject of, any legal proceedings which, if determined adversely to the Company or the relevant Subsidiary's interests would have a material effect on the business or financial position of the Company or any of its Subsidiaries.

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

There was no matter submitted to a vote of security holders during the period covered by this report, except for the matters taken up during the Annual Meeting of Stockholders.

PART II – OPERATIONAL AND FINANCIAL INFORMATIONS

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

Market Information

The Company has outstanding 5,517,990,720 common shares. All common shares are listed and traded principally on the Philippine Stock Exchange, Inc. ("PSE") as of December 31, 20220. The closing price as of December 31, 20220 is Php9.868.24 per share.

The following are the quarterly high and low prices, as well as the closing price of the company's shares traded at the Philippines Stock Exchange, Inc. for the last five (5) years:

	2022			2021			2020			2019			2018		
	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
1st	14.00	10.32	13.86	8.24	7.00	7.07	14.86	11.96	11.96	13.44	8.23	12.84	7.22	6.06	6.60
2nd	13.88	10.00	10.18	7.69	7.11	7.32	12.00	9.61	9.71	16.28	12.90	15.50	7.64	6.42	7.36
3rd	10.90	9.10	10.58	9.50	7.02	9.21	9.86	6.72	6.72	15.86	15.04	15.04	7.49	7.10	7.28
4th	10.86	9.21	9.86	11.92	9.20	11.28	8.30	8.02	8.24	15.06	14.62	14.74	8.10	7.00	8.10

	202			201			201			201			201		
	High	Low	Clos	High	Low	Clos	High	Low	Clos	High	Low	Clos	High	Low	Clos
1s	14	11	11	13	8 2	12	7 2	6 0	6 6	7 7	6 5	6 8	7 9	6 3	7 7
2n	12	9 6	9 7	16	12	15	7 6	6 4	7 3	6 9	5 9	6 6	8 0	7 3	7 6
3r	9 8	6 7	6 7	15	15	15	7 4	7 1	7 2	6 6	4 9	5 0	8 2	7 2	7 4
4t	8 3	8 0	8 2	15	14	14	8 1	7 0	8 1	6 7	6 7	6 7	7 6	6 8	7 5

The market capitalization of the Company as of December 31, 2022 was approximately 53,159,194,337.20Php45,468,243,532.80 based on the closing price of Php9.86 per share.

Holders

The following table sets forth the stockholders of record of the Company as of December 31, 20218:

Shareholder	Number of Shares Subscribed	Subscribed and Paid-up (in Php)	% Ownership
IHOLDINGS, INC.	2,524,367,002	2,524,367,002	45.75%
PCD NOMINEE CORPORATION (NON-FILIPINO)	1,459,878,284	1,459,878,284	26.46%
KWANTLEN DEVELOPMENT CORPORATION	926,325,018	926,325,018	16.79%
LUIS N. YU, JR.	258,099,322	258,099,322	4.68%
MARIANO D. MARTINEZ JR.	168,916,767	168,916,767	3.06%
UNIDO CAPITAL HOLDINGS INC.	160,549,600	160,549,600	2.91%
PCD NOMINEE CORPORATION (FILIPINO)		9,233,730	0.17%
HILDA L. UY	5,000,000	5,000,000	0.09%
MARIA LINDA BENARES MARTINEZ	2,000,000	2,000,000	0.04%
DANIELLA MARIE ISABELLE DE LUNA UY	1,000,000	1,000,000	0.02%
GIANNA MARIE CLAIRE DE LUNA UY	1,000,000	1,000,000	0.02%
JUIANNA MARIE ANGELINE DE LUNA UY	1,000,000	1,000,000	0.02%
ANTHOLIN TAN MUNTUERTO	300,000	300,000	0.01%
MARK WERNER JUECO ROSAL	200,000	200,000	0.00%
NICOLAS CATALYA DIVINAGRACIA	100,000	100,000	0.00%
MA. CHRISTMAS RENIVA NOLASCO	11,500	11,500	0.00%
IAN ORMAN E. DATO	5,001	5,001	0.00%

HECTOR ABLANG SANVICTORES	2,000	2,000	0.00%
STEPHEN G. SOLIVEN	1,500	1,500	0.00%
JESUS SAN LUIS VALENCIA	300	300	0.00%
HAN JUN SIEW	100	100	0.00%
SHAREHOLDERS' ASSOCIATION OF THE PHILIPPINES, INC.	100	100	0.00%
ALEXANDER ACE S. SOTTO	100	100	0.00%
WEI BENG CHAN	100	100	0.00%
RAUL FORTUNATO REAMICO ROCHA	100	100	0.00%
MANUEL CASTILLO CRISOSTOMO	100	100	0.00%
OWEN NATHANIEL SY AU ITF LI MARCUS AU	80	80	0.00%
JOSELITO TANWANGCO BAUTISTA	8	8	0.00%
LOWELL L. YU	1	1	0.00%
ANTHONY VINCENT SOTTO	1	1	0.00%
ARLENE KEH	1	1	0.00%
DOMINIC JOHN PICONE	1	1	0.00%
MANUEL S. DELFIN JR.	1	1	0.00%
RAUL FORTUNATO R. ROCHA	1	1	0.00%
RICHARD L. HAOSEN	1	1	0.00%
WILLIE UY	1	1	0.00%

Dividends and Dividend Policy

Under Philippine law, dividends may be declared out of a corporation's Unrestricted Retained Earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the Philippine SEC. The approval of the Board of Directors is generally sufficient to approve the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose. From time to time, the Company may reallocate capital among its Subsidiaries depending on its business requirements.

The Philippine Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividend without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

Limitations and Requirements

Under Philippine law, a corporation can only declare dividends to the extent that it has Unrestricted Retained Earnings that represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purpose and which are free for distribution to the shareholders as dividends. A corporation may pay dividends in cash, by the distribution of property or by the issuance of shares. Stock dividends may only be declared and paid with the approval of shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

The Philippine Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: [1] when justified by definite expansion plans approved by the board of directors of the corporation; [2] when the required consent of any financing institution or creditor to such distribution has not been secured; [3] when retention is necessary under special circumstances, such as when there is a need for special reserves for probably contingencies; or [4] when the non-distribution of dividends is consistent with the policy or requirement of a Government office.

Record Date

Pursuant to existing Philippine SEC rules, cash dividends declared by the Company must have a record date not less than ten (10) nor more than thirty (30) days from the date of declaration. For stock dividends, the record date should not be less than ten (10) nor more than thirty (30) days from the date of the shareholders' approval, provided however, that the set record date is not to be less than ten (10) trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the Philippine SEC.

Dividend History

Listed below are the cash dividends declared and/or paid by the Company.

Preferred Shares

5.5072Jan 26, 2023Feb 10, 2023

5.5072Oct 24, 2022Nov 10, 2022

5.5072July 272Aug 10,2

5.5072April 262May 102
72227222722272222**6.0263% per share**
Declaration Date: February 4, 2020
Record date: February 17, 2020
Payment date: March 2, 2020

6.0263% per share
Declaration Date: February 4, 2020
Record date: May 15, 2020
Payment date: June 1, 2020

6.0263% per share
Declaration Date: February 4, 2020
Record date: August 17, 2020
Payment date: September 1, 2020

6.0263% per share
Declaration Date: February 4, 2020
Record date: November 16, 2020
Payment date: December 1, 2020

Dividend Policy

The Company intends to maintain a consistent dividend payout policy based on its consolidated net income for the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. In line with this, during the last Annual Stockholders' Meeting of 8990 Holdings, Inc. held on July 29, 2013, the stockholders of 8990 Holdings, Inc. approved the adoption of a dividend policy whereby, subject to available cash and after any capital expenditure requirements, 50% of the Unrestricted Retained Earnings of 8990 Holdings, Inc. for the preceding fiscal year will be declared as dividends.

The Subsidiaries have not adopted any formal dividend policies. Dividend policies for the Subsidiaries shall be determined by their respective Boards of Directors.

Recent Issuance of Shares Constituting Exempt Transaction

Not applicable.

Description of the Shares

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Company's voting securities as of December 31, 2022.

Name and Address of Record Owners	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	Total No. of Shares Held	% of Total Outstanding Shares
IHoldings, Inc. Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner is the beneficial owner of the shares indicated	Filipino	2,524,367,002*	2,524,367,002*	46.82%
Kwantlen Development Corporation Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner is the beneficial owner of the shares indicated	Filipino	1,710,102,823	1,710,102,823	31.72%

**excludes the 40,000,000 shares registered in the name of IP Ventures, Inc. with an agreement to transfer to IHoldings, Inc. upon expiration of the PSE lock-up thereon.*

Pursuant to its articles of incorporation as amended on October 1, 2013, the Company has an authorized amount of capital stock of PhP7,000,000,000 divided into 7,000,000,000 Common Shares with a par value of PhP1.00 per share, of which 5,391,399,020 Common Shares are issued and outstanding as of the date of this report.

Objects and Purposes

The Company has been organized primarily to purchase, subscribe for, or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take options to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including shares of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts or obligations of any corporation, domestic or foreign, without however, engaging in dealership in securities, in stock brokerage business or in the business of an investment company.

The Company's purposes also include the following:

1. To acquire by purchase, exchange, lease, bequest, devise or otherwise; to hold, own, use, maintain, manage, improve, develop and operate; and to sell, transfer, convey, lease, mortgage, pledge, exchange or otherwise dispose of real and personal properties, including vehicles and equipment necessary for the primary business, and any and all rights, interests or privileges therein necessary or incidental to the conduct of corporate business.

2. To borrow or raise money for the conduct of the business of the Corporation, and to draw, make, accept, endorse, execute, and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable and non-negotiable instruments and evidences of indebtedness and to secure the payment thereof and of any interest thereon by mortgage upon, or pledge of, or grant of a security interest in, or conveyance or assignment in trust for, or lien upon the whole or any part of the property of the Corporation, whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such bonds, debentures or other obligations of the Corporation for corporate purposes.

3. To invest and re-invest the money and property of the Corporation in such manner considered wise or expedient for the advancement of its interests.

4. To acquire the goodwill, rights, assets and property, and to undertake or assume the whole or any part of the obligations or liabilities, of any person, partnership, association or corporation, and to pay therefor in cash, stocks or bonds of the corporation or otherwise.

5. To aid in any lawful manner, by loan, subsidy, guaranty or otherwise, any corporation whose stocks, bonds, notes, debentures or other securities or obligations are held or controlled directly or indirectly, by the Corporation, and to do any and all lawful acts or things necessary or desirable to protect, preserve, or enhance the value of such stocks, bonds, securities or other obligations or evidences of indebtedness, and to guarantee the performance of any contract or undertaking of any person, partnership, association o0r corporation in which the corporation is or become interested.

6. To enter into any lawful arrangement for the sharing of profits, union of interest, reciprocal concession or cooperation with any person, partnership, association, corporation, or government or authority, domestic or foreign, in the carrying on of any business or transaction deemed necessary, convenient or incidental to carrying out any of the purposes of the Corporation.

7. To acquire or obtain from any government authority, national, provincial municipal or otherwise, or any person, partnership, association or corporation, such charters, contracts, franchise, privileges, exemptions, licenses and concessions required for the conduct of any of the purposes of the Corporation.

8. To establish and operate one or more branch offices or agencies and to carry on any or all of its operations and business, including the right to hold, purchase or otherwise acquire, lease, mortgage, pledge and convey or otherwise deal in and with real and personal property anywhere in the Philippines.

9. To conduct and transact any and all lawful activities, and to do or cause to be done any one or more of the acts and things herein set forth as its purposes, within or without the Philippines, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise

of any one or more of the powers herein enumerated, or which shall at any time appear conductive to or expedient for the protection or benefit of the Corporation.

Under Philippine law, a corporation may invest its funds in any other corporation or business or for any purpose other than the purpose for which it was organized when approved by a majority of the board of directors and ratified by the stockholders representing at least two-thirds of the outstanding capital stock, at a stockholders' meeting duly called for the purpose; provided, however, that where the investment by the corporation is reasonably necessary to accomplish its purposes, the approval of the stockholders shall not be necessary. Per the By-laws of the Company, its stock, property and affairs shall be exclusively managed and controlled by the board of directors.

Share Capital

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and by-laws of the corporation. Subject to the approval by the Philippine SEC, it may increase or decrease its authorized capital stock by amending its articles of incorporation, provided that the change is approved by a majority of the board of directors and by shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

Under Philippine law, the shares of a corporation may either be with or without a par value. All of the Common Shares currently issued have a par value of PhP1.00 per share. In the case of par value shares, where a corporation issues shares at a price above par, whether for cash or otherwise, the amount by which the subscription price exceeds the par value is credited to an account designated as additional paid-in capital or paid-in surplus.

Subject to approval by the Philippine SEC, a corporation may increase or decrease its authorized capital shares, provided that the change is approved by a majority of the board of directors of such corporation and shareholders representing at least two-thirds of the issued and outstanding capital shares of the corporation voting at a shareholders' meeting duly called for the purpose.

A corporation is empowered to acquire its own shares for a legitimate corporate purpose, provided that the corporation has Unrestricted Retained Earnings or surplus profits sufficient to pay for the shares to be acquired. Examples of instances in which the corporation is empowered to purchase its own shares are: when the elimination of fractional shares arising out of share dividends is necessary or desirable, the purchase of shares of dissenting shareholders exercising their appraisal right (as discussed below) and the collection or compromise of an indebtedness arising out of an unpaid subscription. When a corporation repurchases its own shares, the shares become treasury shares, which may be resold at a price fixed by the board of directors of such corporation.

The Board is authorized to issue shares from treasury from time to time. Treasury shares may be issued to any person, corporation or association, whether or not a shareholder of the Company, including its officers or employees for such consideration in money as the Board may determine.

Voting Rights

The Company's Shares have full voting rights. However, the Philippine Corporation Code provides that voting rights cannot be exercised with respect to shares declared by the board of directors as delinquent; treasury shares, or if the shareholder has elected to exercise his right of appraisal referred to below.

Dividend Rights

Under the Company's By-laws, dividends may be paid out the Unrestricted Retained Earnings of the Company as and when the Board of Directors may elect, subject to legal requirements. Dividends are payable to all shareholders on the basis of outstanding shares of the Company held by them, each share being entitled to the same unit of dividend as any other share. Dividends are payable to shareholders whose name are recorded in the stock and transfer book as of the record date fixed by the Board of Directors. The PSE has an established mechanism for distribution of dividends to beneficial owners of shares which are traded through the PSE which are lodged with the PCD Nominee as required for scripless trading.

Pre-Emptive Rights

The Philippine Corporation Code confers pre-emptive rights on the existing shareholders of a Philippine corporation which entitle such shareholders to subscribe to all issues or other dispositions of shares of any class by the corporation in proportion to their respective shareholdings, regardless of whether the shares proposed to be issued or otherwise disposed of are identical to the shares held. A Philippine corporation may, however, provide for the denial of these pre-emptive rights in its articles of incorporation. Likewise, shareholders who are entitled to such pre-emptive rights may waive the same through a written instrument to that effect.

The articles of incorporation of the Company deny the pre-emptive rights of its shareholders to subscribe to any or all dispositions of any class of shares.

Derivative Rights

Philippine law recognizes the right of a shareholder to institute proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors of the corporation themselves are the malefactors.

Appraisal Rights

The Philippine Corporation Code grants a shareholder a right of appraisal and demand payment of the fair value of his shares in certain circumstances where he has dissented and voted against a proposed corporate action, including:

- an amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class;

- the extension of the term of corporate existence;

- the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation;

- a merger or consolidation; and

- investment by the corporation of funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized.

In any of these circumstances, the dissenting shareholder may require the corporation to purchase its shares at a fair value, which, in default of agreement, is determined by three disinterested persons, one of whom shall be named by the shareholder, one by the corporation, and the third by the two thus chosen. Regional Trial Courts will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. From the time the shareholder makes a demand for payment until the corporation purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of such shares. No payment shall be made to any dissenting shareholder unless the corporation has Unrestricted Retained Earnings sufficient to support the purchase of the shares of the dissenting shareholders.

Right of Inspection

A shareholder has the right to inspect the records of all business transactions of the corporation and the minutes of any meeting of the board of directors and shareholders at reasonable hours on business days and may demand a copy of excerpts from such records or minutes at his or her expense. However, the corporation may refuse such inspection if the shareholder demanding to examine or copy the corporation's records has improperly used any information secured through any prior examination, or was not acting in good faith or for a legitimate purpose in making his demand.

Right to Financial Statements

A shareholder has a right to be furnished with the most recent financial statement of a Philippine corporation, which shall include a balance sheet as of the end of the last taxable year and a profit or loss statement for said taxable year, showing in reasonable detail its assets and liabilities and the results of its operations. At the meeting of shareholders, the board of directors is required to present to the shareholders a financial report of the operations of the corporation for the preceding year, which shall include financial statements duly signed and certificate by an independent certified public accountant.

Board of Directors

Unless otherwise provided by law or in the articles of incorporation, the corporate powers of the Company are exercised, its business conducted, and its property controlled by the Board. Pursuant to its articles of incorporation, as amended, the Company shall have thirteen (13) Directors, two (2) of whom are independent Directors within the meaning set forth in Section 38 of the SRC. The Board shall be elected during each regular meeting of shareholders, at which shareholders representing at least a majority of the issued and outstanding capital shares of the Company are present, either in person or by proxy.

Under Philippine law, representation of foreign ownership on the Board is limited to the proportion of the foreign shareholding. Directors may only act collectively; individual directors have no power as such. Four directors, which is a majority of the Board, constitute a quorum for the transaction of corporate business. Except for certain corporate actions such as the election of officers, which shall require the vote of a majority of all the members of the Board, every decision of a majority of the quorum duly assembled as a board is valid as a corporate act.

Any vacancy created by the death, resignation or removal of a director prior to expiration of such director's term shall be filled by a vote of at least a majority of the remaining members of the Board, if still constituting a quorum, Otherwise, the vacancy must be filled by the shareholders at a meeting duly called for the purpose. Any director elected in this manner by the Board shall serve only for the unexpired term of the director whom such director replaces and until his successor is duly elected and qualified.

Shareholders' Meetings

Annual or Regular Shareholders' Meetings

The Philippine Corporation Code requires all Philippine corporations to hold an annual meeting of shareholders for corporate purposes including the election of directors. The By-laws of the Company provide for annual meetings on the last Monday of July of each year to be held at the principal office of the Company and at such hour as specified in the notice.

Special Shareholders' Meeting

Special meetings of shareholders, for any purpose or purposes, may at any time be called by either the president or a majority of the Board of Directors, whenever he or they shall deem it necessary.

Notice of Shareholders' Meeting

Whenever shareholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and time of the meeting, and the purpose or purposes for which the meeting is called. The Company's By-laws provide that notices of the time and place of the annual and special meetings of the shareholders shall be given either by mailing the same enclosed in a postage-prepaid envelope, addressed to each shareholder of record at the address left by such shareholder with the Secretary of the Company, or at his last known post-office address, or by delivering the same to him in person, at least two (2) weeks before the date set for such meeting. Notice to any special meeting must state, among others, the matters to be taken up in the said meeting, and no other business shall be transacted at such meeting except by consent of all the shareholders present, entitled to vote. No notice of meeting need be published in any newspaper, except when necessary to comply with the special requirements of the Philippine Corporation Code. Shareholders entitled to vote may, by written consent, waive notice of the time, place and purpose of any meeting of shareholders and any action taken at such meeting pursuant to such waiver shall be valid and binding. When the meeting of the shareholders is adjourned to another time or place, notice of the adjourned meeting need not be provided so long as the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

Quorum

Unless otherwise provided by an existing shareholders' agreement or by law, in all regular or special meeting of shareholders, a majority of the outstanding capital shares must be present or represented in order to constitute a quorum, except in those cases where the Philippine Corporation Code provides a greater percentage vis-a`-vis the total outstanding capital shares. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of shares shall be presented.

Pursuant to the Company's By-laws, the chairman of the board, or in case of his absence or disability, the president, may then call to order any meeting of the stockholders, and proceed to the transaction of business, provided a majority of the shares issued and outstanding be present, either in person or by proxy; but if there be no quorum present at any meeting, the meeting may be adjourned by the stockholders present from time to time until the quorum shall be obtained. If neither the chairman of the board nor the president is present, then the meeting is to be conducted by a chairman to be chosen by the stockholders.

Voting

At all meetings of shareholders, a holder of Common Shares may vote in person or by proxy, for each share held by such shareholder.

Fixing Record Dates

Under existing Philippine SEC rules, cash dividends declared by corporations whose shares are listed on the PSE shall have a record date which shall not be less than 10 or more than 30 days from the date of declaration. With respect to share dividends, the record date shall not be less than 10 or more than 30 days from the date of shareholder approval; provided, however, that the record date set shall not be less than 10 trading days from receipt by the PSE of the notice of declaration of share dividends. In the event that share dividends are declared in connection with an increase in the authorized capital shares, the corresponding record date shall be fixed by the Philippine SEC.

Matters Pertaining to Proxies

Shareholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy duly given in writing and duly presented to the Corporate Secretary before or during the meeting. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Corporate Secretary.

Proxies should comply with the relevant provisions of the Philippine Corporation Code, the SRC, the IRRs, and regulations issued by the Philippine SEC.

Dividends

The Common Shares have full dividend rights. Dividends on the Company's Common Shares, if any, are paid in accordance with Philippine law. Dividends are payable to all shareholders on the basis of outstanding Common Shares held by them, each Common Share being entitled to the same unit of dividend as any other Common Share. Dividends are payable to shareholders whose names are recorded in the stock and transfer book as of the record date fixed by the Company's Board of Directors. The PSE has an established mechanism for distribution of dividends to beneficial owners of Common Shares which are traded through the PSE which are lodged with the PCD Nominee as required for scripless trading.

The Company intends to maintain a consistent dividend payout policy based on its consolidated net income for the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. In line with this, during the last Annual Stockholders' Meeting of 8990 Holdings, Inc. held on July 29, 2013, the stockholders of 8990 Holdings, Inc. approved the adoption of a dividend policy whereby, subject to available cash and after any capital expenditure requirements, at least 50% of the Unrestricted Retained Earnings of 8990 Holdings, Inc. for the preceding fiscal year will be declared as dividends. The Subsidiaries have not adopted any formal dividend policies. Dividend policies for the Subsidiaries shall be determined by their respective Boards of Directors.

Transfer of Shares and Share Register

All transfers of shares on the PSE shall be effected by means of a book-entry system. Under the book-entry system of trading and settlement, a registered shareholder shall transfer legal title over the shares to a nominee, but retains beneficial ownership over the shares. The transfer of legal title is done by surrendering the stock certificate representing the shares to participants of the PDTC System (i.e., brokers and custodian banks) that, in turn, lodge the same with the PCD Nominee Corporation, a corporation wholly-owned by the PDTC (the "PCD Nominee"). A shareholder may request upliftment of the shares from the PDTC, in which case a stock certificate will be issued to the shareholder and the shares registered in the shareholder's name in the books of the Company.

Philippine law does not require transfers of the Common Shares to be effected on the PSE, but any off-exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the share transfer tax applicable to transfers effected on the PSE. See "Philippine Taxation." All transfers of shares on the PSE must be effected through a licensed stockbroker in the Philippines.

Issues of Shares

Subject to otherwise applicable limitations, the Company may issue additional Common Shares to any person for consideration deemed fair by the Board, provided that such consideration shall not be less than the par value of the issued Common Shares. No share certificates shall be issued to a subscriber until the full amount of the subscription together with interest and expenses (in case of delinquent Common Shares) has been paid and proof of payment of the applicable taxes shall have been submitted to the Company's Corporate Secretary. Under the PSE Rules, only fully-paid shares may be listed on the PSE.

Share Certificates

Certificates representing the Common Shares will be issued in such denominations as shareholders may request, except that certificates will not be issued for fractional shares. Shareholders wishing to split their certificates may do so upon application to the Company's share transfer agent, Securities Transfer and Services, Inc., which will maintain the share register. Common Shares may also be lodged and maintained under the book-entry system of the PDTC. See "The Philippine Stock Market."

Mandatory Tender Offers

In general, under the SRC and the IRRs, any person or group of persons acting in concert and intending to acquire at least: [1] 35% of any class of any equity security of a public or listed corporation in a single transaction; or [2] 35% of such equity over a period of 12 months; or [3] even if less than 35% of such equity, if such acquisition would result in ownership by the acquiring party of over 51% of the total outstanding equity, is required to make a tender offer to all the shareholders of the target corporation on the same terms. Generally, in the event that the securities tendered pursuant to such an offer exceed that which the acquiring person or group of persons is willing to take up, the securities shall be purchased from each tendering shareholder on a pro rata basis, disregarding fractions, according to the number of securities tendered by each security holder. Where a mandatory tender offer is required, the acquirer is compelled to offer the highest price paid by him for such shares during the past six months. Where the offer involves payment by transfer or allotment of securities, such securities must be valued on an equitable basis. However, if any acquisition of even less than 35% would result in ownership of over 51% of the total outstanding equity, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining shareholders of the said corporation at a price supported by a fairness opinion provided by an independent financial adviser or equivalent third party. The acquirer in such a tender offer shall be required to accept any and all securities thus tendered.

No Mandatory Tender Offer is required in: (i) purchases of shares from unissued capital shares unless it will result to a 50% or more ownership of shares by the purchaser; (ii) purchases from an increase in the authorized capital shares of the target company; (iii) purchases in connection with a foreclosure proceedings involving a pledge or security where the acquisition is made by the debtor or creditor; (iv) purchases in connection with privatization undertaken by the government of the Philippines; (v) purchases in connection with corporate rehabilitation under court supervision; (vi) purchases through an open market at the prevailing market price; or (vii) purchases resulting from a merger or consolidation.

Fundamental Matters

The Philippine Corporation Code provides that certain significant acts may only be implemented with shareholders' approval. The following require the approval of shareholders representing at least two-thirds of the issued and outstanding capital shares of the corporation in a meeting duly called for the purpose:

- amendment of the articles of incorporation;
- removal of directors;
- sale, lease, exchange, mortgage, pledge or other disposition of all or a substantial part of the assets of the corporation;
- investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation was organized;
- declaration or issuance of share dividends;
- delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws;

- merger or consolidation;
- dissolution;
- an increase or decrease in capital shares;
- ratification of a contract of a directors or officer with the corporation;
- extension or shortening of the corporate term;
- creation or increase of bonded indebtedness; and
- management contracts with related parties;

The approval of shareholders holding a majority of the outstanding capital shares of a Philippine corporation, including non-voting preferred shares, is required for the adoption or amendment of the by-laws of such corporation.

Accounting and Auditing Requirements

Philippine stock corporations are required to file copies of their annual financial statements with the Philippine SEC. In addition, public corporations are required to file quarterly financial statements (for the first three quarters) with the Philippine SEC. Those corporations whose shares are listed on the PSE are additionally required to file said quarterly and annual financial statements with the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of the operations of the Company for the preceding year. This report is required to include audited financial statements.

Item 6. Management Discussion and Analysis of Financial Condition and Results of Operations

<u>Factors Affecting Results of Operations</u>

The Company's results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected the Company's results in the past and which the Company expects to affect its financial results in the future. Factors other than those set out below could also have a significant impact on the Company's results of operations and financial condition in the future. See Risk Relating to the Companies Business.

General Global and Philippine Economic Conditions and the Condition of the Philippine Real Estate and Residential Housing Markets

The Company derives substantially all of its revenue from its mass housing development activities in the Philippines. The Philippine real estate and housing markets have historically been affected by the prevailing economic conditions in the Philippines, which may also be affected by the economic conditions in other parts of the world. Accordingly, the Company's results of operations may be significantly affected by the state of the global and Philippine economies generally and specifically the Philippine property and housing markets. The Philippine real estate and housing markets have historically been subject to cyclical trends, and property values have been affected by the supply of and demand for comparable properties, the rate of economic growth, the rate of unemployment and political and social developments in the Philippines. Demand for new residential projects in the Philippines has historically also been affected by, among other things, prevailing political, social and economic conditions in the Philippines, including overall growth levels, the value of the Philippine peso and interest rates, as well as the strength of the economy in other parts of the world, given that a substantial portion of demand comes from overseas Filipino workers. Furthermore, as the Company continues expanding its business, these operations will also be increasingly affected by general conditions in the global and Philippine economies. As a result, the Company expects that its results of operations will continue to vary from period to period largely as a result of general global and Philippine economic conditions.

Collection of Receivables

The Company's results of operations are also affected to a significant degree by the success and efficiency of its collection of receivables from its customers. If the Company experiences any significant delays or defaults on its collection of receivables, it could experience liquidity issues. In addition, a significant number of defaults may result in the Company taking on a significant amount of inventory for the housing units it would repossess from customers. In such an instance, there can be no guarantee that the Company will be able to dispose of these units quickly and at acceptable prices. Any of these occurrences in relation to failure to collect receivables from its customers in a timely manner or at all may have a material adverse effect on the Company's liquidity, financial condition and results of operations.

Liquidity Risk Management

To better manage its liquidity risk, interest risk, as well as improve its cash conversion cycle, the Company typically enters into take-out arrangements with PAG-IBIG where it will transfer its CTS Gold Convertible receivables within four (4) years in exchange for cash. As of the date of this report, the Company has submitted to PAG-IBIG approximately four thousand seven hundred (4,700) CTS receivables, equivalent to approximately PhP4 billion. These accounts are currently being processed by PAG-IBIG, and at various stages of cycle completion. The acceptance or rejection of a CTS receivable by PAG-IBIG is based on certain guidelines of PAG-IBIG such as employment, number of contributions made by the homeowner/PAG-IBIG member and net disposable income, among other factors. The Company believes that substantially all of its requests for take-outs have been accepted by PAG-IBIG. However, in the event that a material number of take-up applications are delayed or even denied, the Company's cashflow and recognized revenues could be materially affected. Moreover, the conversion into cash of the Company CTS receivable as a result of take-ups by PAG-IBIG also affects the Company's results of operations. As greater amount of CTS receivables are converted due to the Company's take-up arrangements, the Company's finance income and receivables decrease while its cash balances correspondingly increase.

In addition to its receivables take-up arrangements with institutions such as PAG-IBIG, the Company also regularly adopts other measures to manage its level of receivables from its housing sales, as well as to generate cash necessary for operations. For example, the Company from time to time enters into loan arrangements with banks against its receivables portfolio as collateral. In addition, the Company also from time to time sells receivables to banks and other financial institutions on a non-recourse basis. The Company has also begun to explore possible securitization transactions with respect to its receivables portfolio. The success of any of these receivable management measures, depending on the amount involved and terms agreed, may affect the Company's results of operations in terms of its liquidity and the levels of its receivable assets.

Interest Rates

The Company generally charges its customers an annual interest rate of nine and a half percent (9.5%) on their housing loans under the CTS program. The Company's financing arrangements with commercial banks and other financial institutions are typically on a fixed interest basis, with interest rates typically averaging approximately six percent (6%) or seven percent (7%) per annum. As the Company typically only needs to borrow approximately half of the amount of loans it grants to its customers, the Company believes that it is substantially protected against fluctuations of interest rates in the market. However, in cases of extraordinary increases in interest rates, such as during the Asian financial crisis of the late 1990s or the global economic downturn of 2008, the Company's financial position and results of operations could be adversely affected.

Tax Incentives and Exemptions

As a developer of low-cost housing with mass housing unit price points not exceeding PhP1.9 million (for lots only) or PhP2.2 million (for residential house and lots or other residential dwellings), the Company benefits from an exemption on VAT under current tax laws and regulations. Furthermore, the accreditation of the Company's projects with unit price between PhP450,000 and PhP3,000,000 with the BOI as under the IPP allows each accredited project to enjoy certain tax incentives. For each accredited project, the Company's sales of low cost subdivision lots and housing units are currently not subject to corporate income tax. Also, the Company's projects with unit price of PhP450,000 and under are considered socialized housing projects and enjoy income tax free status by virtue of Republic Act No. 7279. As such, the Company's sales of low cost subdivision lots and housing units are currently not subject to twelve percent (12%) VAT, and corporate income tax. In the event that the Company loses these tax exemptions or incentives or its tax holiday lapses or is not renewed, these sales would become subject to VAT and corporate income tax. These prospective tax charges will directly affect the Company's net income, and the Company expects that any changes in regulatory and tax policy and applicable tax rates may affect its results of operations from time to time.

Price Volatility of Construction Materials and Other Development Costs

The Company's cost of sales is affected by the price of construction materials such as steel, tiles and cement, as well as fluctuations in electricity and energy prices. While the Company, as a matter of policy, attempts to fix the cost of materials components in its agreements with contractors, in cases where demand for steel, tiles and cement are high or when there are shortages in supply, the contractors the Company hires for construction or development work may be compelled to raise their contract prices. With respect to electricity, higher prices generally result in a corresponding increase in the Company's overall development costs. As a result, rising costs for any construction materials or in the price of electricity will impact the Company's construction costs, cost of sales and the price for its products. Any increase in prices resulting from higher construction costs could adversely affect demand for the Company's products and the relative affordability of such products, particularly as a mass housing developer. This could reduce the Company's profitability.

With regard to sales of subdivision house and lots, if the actual cost of completing the development of a particular project exceeds the Company's estimates, any increase in cost is recorded as part of the cost of sales of subdivision house and lots in the same project. This means that the cost of sales for future sales in the same project will be higher.

Availability of Suitable Land for Development

The Company meticulously selects the sites for its mass housing development projects, typically undergoing a research process of anywhere from six (6) months to one (1) year before deciding to acquire land for its contemplated developments. After initializing projects in the Visayas and Mindanao, the Company is currently looking to expand its footprint in Luzon, and also the Metro and Greater Manila areas. To this end, the Company is currently examining its options for the acquisition of parcels of land in these areas. The Company selects the location of its developments based on numerous factors, such as proximity to public transportation hubs and employment areas, as well as vicinity to retail and other commercial establishments, among others. That said, properties which meet all these criteria may not be available for the price the Company is willing to pay, or the Company may encounter competing offers from other developers who may have more resources at their disposal. If the Company is unable to acquire or select the optimal parcels of land for its development projects and expansion plans or is unable to successfully grow and manage its land bank, its ability to meet its revenue and growth targets may be adversely affected.

Demand for Residential Properties

The Company has benefited from greater demand for residential properties resulting from, among other factors, growth of the Philippine economy, increasing number of Filipinos investing in the Philippine real estate market, strong levels of OFW remittances and increasing demand from expatriate Filipinos. In addition, the Company has also benefited specifically from the underserved backlog for mass housing in the Philippines in recent years. The increased demand for residential properties has been a significant factor in the Company's increased revenues and profits over the last three (3) years. In response to these developments, the Company has further increased the number of mass housing development projects. The Company has also begun to offer new mass housing residential products, such as condominiums, to address potential demand from specific target markets. It is unclear whether the demand for housing in the Philippines will remain high or continues to grow, or whether the demand for the Company's products will reach the levels anticipated by the Company. Negative developments with respect to demand for housing in the Philippines would in turn have a negative effect on the Company's operational results. Conversely, positive developments in housing demand would likely positively contribute to the Company's operational results as observed in the past.

Critical Accounting Policies

Critical accounting policies are those that are both (i) relevant to the presentation of the Company's financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex. To provide an understanding of how the Company's management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, the critical accounting policies discussed below have been identified. While the Company believes that all aspects of its financial statements should be studied and understood in assessing its current and expected financial condition and results of operations, the Company believes that the following critical accounting policies warrant particular attention. For more information, see Notes 2 and 3 to the Company's 2017 Audited Consolidated Financial Statements.

DESCRIPTION OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME LINE ITEMS

The following table sets forth details for the Company's sales and other income line items for the periods indicated.

In million pesos	2022	2021	2020
Revenue	21,636.67	20,357.73	14,233.53
Cost of Sales	10,903.59	10,053.81	7,410.48
Gross Income	**10,733.08**	**10,303.91**	**6,823.06**
Operating Expenses	3,197.25	2,690.52	1,821.83
Net Operating Income	**7,535.83**	**7,613.40**	**5,001.23**
Finance Costs	1,912.95	1,673.03	1,692.08
Other Income	2,816.53	1,723.59	1,640.64
Income before Income Tax	**8,439.41**	**7,663.96**	**4,949.79**
Provision for Income Tax	786.07	449.02	117.90
Net Income	**7,653.34**	**7,214.93**	**4,831.88**

Revenue

The Company's revenue primarily comprises of those received from its sales of low-cost Mass Housing units and subdivision lots and medium-rise building housing units, rental services and other incidental income relating to its real estate operations, as well as revenues derived from its timeshare and hotel operations.

Cost of Sales and Services

Cost of sales and services comprise (i) the Company's costs of sales from its low-cost Mass Housing sales of housing units and subdivision lots, costs of sales from sales of MRB condominium units and costs of sales from sales of timeshares; (ii) cost of rental services; and (iii) the Company's costs of services from its hotel operations (including room and food and beverage sales).

Operating Expenses

Operating expenses generally include selling and administrative costs that are not directly attributable to the services rendered. Operating expenses of the Company comprise expenses related to marketing and selling, documentation, taxes and licenses, salaries and employment benefits, write-off of assets, provisions for impairment losses, management and professional fees, communication, light and water, provisions for probable losses, security, messengerial and janitorial services, depreciation and amortization, transportation and travel, repairs and maintenance, rent, entertainment, amusement and representation, supplies, provisions for write-down, subscription dues and fees and miscellaneous expenses (such as extraordinary documentation expenses, liquidation and donation expenses, as well as other expenses).

Finance Costs

Finance costs comprise costs associated with the Company's borrowings, accretion of interest, bank charges and net interest expense on its pension obligations.

Other Income

Other income comprises the Company's interest income from its installment contract receivables, cash in bank and long-term investments. Other income of the Company also comprises income from water supply, gain on repossession of delinquent units and associated penalties, rent income, collection service fees and other miscellaneous income (such as gain from sales cancellations, retrieval fees, association due and transfer fee). The Company also recorded other gains and losses such as a gain from the sale of unquoted debt security classified as loans, and other expenses such as a loss on the sale of a subsidiary.

Provision for Income Tax

Provision for income tax comprises the Company's provisions for regular and minimum corporate income taxes, final taxes to be paid as well as provision for deferred income tax recognized.

<u>Results of Operations</u>

Year ended December 31, 2022 compared to the year ended December 31, 2021

Revenue

For the year ended December 31, 2022, the Company recorded consolidated revenue of ₱21,636.7 million, an increase of 6 % from consolidated sales of ₱20,357.7 million recorded for the year ended December 31, 2021. The Company's real estate sales generated ₱21,412.9 million in revenues for the year ended December 31, 2022, an increase of 5% from the ₱20,332.8 million in revenues recorded for the year ended December 31, 2021.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the year ended December 31, 2022 was ₱10,903.6 million, an increase of 8% from consolidated cost of sales and services of ₱10,053.8.5 million for the year ended December 31, 2021. The increase was mainly attributable to increases in cost of real estate operations.

Gross Income

The Company's consolidated gross income for the year ended December 31, 2022 was ₱10,733.1 million, an increase of 4% from consolidated gross income of ₱10,303.9 for the year ended December 31, 2021. The Company's gross income margin for the year ended December 31, 2022 was 49.6% compared to a gross income margin of 50.6% recorded for the year ended December 31 ,2021.

Operating Expenses

For the year ended December 31, 2022, the Company recorded consolidated operating expenses of ₱3,197.3 million, an increase of 19% from consolidated operating expenses of ₱2,690.5 million recorded for the year ended December 31, 2021.

Other Operating Income (Expense)

The Company's consolidated other operating income (expense) for the year ended December 31, 2022 were ₱2,816.5 million, an increase from consolidated other operating income (expense) of ₱₱1,723.6 million recorded for the year ended December 31, 2021.

Finance Costs

The Company's consolidated finance costs for the year ended December 31, 2022 were ₱1,912.9 million, an increase from consolidated finance costs of ₱1,673.0 million recorded for the year ended December 31, 2021.

Income before Income Tax

The Company's consolidated income before income tax for the year ended December 31, 2022 was ₱8,439.4 million, an increase from consolidated income before income tax of ₱7,664.0 million recorded for the year ended December 31, 2021.

Provision for Income Tax

The Company's consolidated provision for income tax for the year ended December 31, 2022 was ₱786.1 million, an increase from consolidated provision for income tax of ₱449.0 million recorded for the year ended December 31, 2020.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2022 was ₱7,653.3 million, an increase of 6% from consolidated net income of ₱7,214.9 million recorded for the year ended December 31, 2021. The Company's consolidated net income margin for the year ended December 31, 2022 and 2021 remained at 35%.

Year ended December 31, 2021 compared to year ended December 31, 2020

Revenue

For the year ended December 31, 2021, the Company recorded consolidated revenue of ₱20,357.7 million, an increase of 43% from consolidated sales of ₱14,233.5 million recorded for the year ended December 31, 2020. The increase was mainly attributable to increased real estate sales. Lifting of construction restrictions allowed the Company to deliver more units in 2021. The Company's real estate sales generated ₱20,332.8 million in revenues for the year ended December 31, 2021, an increase of 44% from the ₱14,169.1 million in revenues recorded for the year ended December 31, 2020.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the year ended December 31, 2021 was ₱10,053.8 million, an increase of 36% from consolidated cost of sales and services of ₱7,410.5 million for the year ended December 31, 2020. The increase was mainly attributable to increases in cost of real estate operations.

Gross Income

The Company's consolidated gross income for the year ended December 31, 2021 was ₱10,303.9 million, an increase of 51% from consolidated gross income of ₱6,823.1 for the year ended December 31, 2020. The Company's gross income margin for the year ended December 31, 2021 was 51% compared to a gross income margin of 48% recorded for the year ended December 31 ,2020.

Operating Expenses

For the year ended December 31, 2021, the Company recorded consolidated operating expenses of ₱2,690.5 million, an increase of 48% from consolidated operating expenses of ₱1,821.8 million recorded for the year ended December 31, 2020.

Other Operating Income (Expense)

The Company's consolidated other operating income (expense) for the year ended December 31, 2021 were ₱1,723.6 million, an increase from consolidated other operating income (expense) of ₱1,640.6 million recorded for the year ended December 31, 2020.

Finance Costs

The Company's consolidated finance costs for the year ended December 31, 2021 were ₱1,673.0 million, a decrease from consolidated finance costs of ₱1,692.1 million recorded for the year ended December 31, 2020. The decrease was mainly attributable to lower level of loans from 2020 to 2021.

Income before Income Tax

The Company's consolidated income before income tax for the year ended December 31, 2021 was ₱7,664.0 million, an increase from consolidated income before income tax of ₱4,949.8 million recorded for the year ended December 31, 2020.

Provision for Income Tax

The Company's consolidated provision for income tax for the year ended December 31, 2021 was ₱449.0 million, an increase from consolidated provision for income tax of ₱117.9 million recorded for the year ended December 31, 2020. The increase was attributed to sales from non BOI accredited projects in Metro Manila such as but not limited to Urban Deca Homes Ortigas and Urban Deca Homes Manila.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2021 was ₱7,214.9 million, an increase of 49% from consolidated net income of ₱4,831.9 million recorded for the year ended December 31, 2020. The Company's consolidated net income margin for the year ended December 31, 2021 and 2020 were 35% and 34% respectively.

Year ended December 31, 2020 compared to year ended December 31, 2019

Revenue

For the year ended December 31, 2020, the Company recorded consolidated revenue of ₱14,233.5 million, a decrease of 8% from consolidated sales of ₱15,400.5 million recorded for the year ended December 31, 2019. The decrease was mainly attributable to decreased real estate sales. The Company's real estate sales generated ₱14,169.1 million in revenues for the year ended December 31, 2020, a decrease of 6% from the ₱14,997.3 million in revenues recorded for the year ended December 31, 2019.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the year ended December 31, 2020 was ₱7,410.5 million, an increase of 13% from consolidated cost of sales and services of ₱6,542.0 million for the year ended December 31, 2019. The increase was mainly attributable to increases in cost of real estate operations.

Gross Income

The Company's consolidated gross income for the year ended December 31, 2020 was ₱6,823.1 million, a decrease of 23% from consolidated gross income for the year ended December 31, 2019. The Company's gross income margin for the year ended December 31, 2020 was 48% compared to a gross income margin of 58% recorded for the year ended December 31 ,2019.

Operating Expenses

For the year ended December 31, 2020, the Company recorded consolidated operating expenses of ₱1,821.8 million, a decrease of 32% from consolidated operating expenses of ₱2,675.8 million recorded for the year ended December 31, 2019.

Other Operating Income (Expense)

The Company's consolidated other operating income (expense) for the year ended December 31, 2020 were ₱1,637.3 million, a decrease from consolidated other operating income (expense) of ₱1,594.0 million recorded for the year ended December 31, 2019.

Finance Costs

The Company's consolidated finance costs for the year ended December 31, 2020 were ₱1,692.1 million, an increase from consolidated finance costs of ₱1,616.7 million recorded for the year ended December 31, 2019. The increase was mainly attributable to higher interest rate of the Company's loan from creditor banks, and high interest for bonds payable as it is long term in nature.

Income before Income Tax

The Company's consolidated income before income tax for the year ended December 31, 2020 was ₱4,949.8 million, a decrease from consolidated income before income tax of ₱6,160.0 million recorded for the year ended December 31, 2019.

Provision for Income Tax

The Company's consolidated provision for income tax for the year ended December 31, 2020 was ₱117.9 million, a decrease from consolidated provision for income tax of ₱297.2 million recorded for the year ended December 31, 2019.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2020 was ₱4,831.9 million, a decrease of 18% from consolidated net income of ₱5,862.8 million recorded for the year ended December 31, 2019. The Company's consolidated net income margin for the year ended December 31, 2020 and 2019 were 34% and 38% respectively.

Financial Position

As at December 31, 2022 compared to as at December 31, 2021

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were ₱1,482.2 million as at December 31, 2022, a decrease of 10% from consolidated cash on hand and in banks of ₱1,655.7 3 million as at December 31, 2021.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were ₱5,868.7 million as at December 31, 2022, a 35% increase from consolidated current portion of trade and other receivables of ₱4,351.3million as at December 31, 2021.

Inventories

The Company's consolidated inventories were ₱46,721.3 million as at December 31, 2022, an increase of 5% from consolidated inventories of ₱41,704.8 million as at December 31, 2021. The increase was due mainly to work in progress inventories related to high rise building project in Urban Deca Homes Manila, Urban Deca Homes Ortigas, Urban Deca Tower Cubao and Urban Deca Homes Commonwealth.

Due from related parties

The Company's consolidated due from related parties were ₱2,044.61 million as at December 31, 2022, an increase of 7% from consolidated due from related parties of ₱1,329.1million as at December 31, 2021.

Other current assets

The Company's consolidated other current assets were ₱5,532.3 million as at December 31, 2022, an increase of 7% from consolidated other current assets of ₱5,175.2 million as at December 31, 2021, primarily due to increased advances to contractors in relation to construction of the Company's development projects.

Trade and other receivables – net of current portion

The Company's consolidated trade and other receivables – net of current portion were ₱38,035.2 million as at December 31, 2022, an increase from consolidated trade and other receivables – net of current portion of ₱31,922.0 million as at December 31, 2021.

Property and equipment

The Company's consolidated property and equipment was ₱806.0 million as at December 31, 2022, a decrease of 1% from consolidated property and equipment of ₱732.3 million as at December 31, 2021.

Investment properties

The Company's consolidated investment properties were ₱321.1 million as at December 31, 2022, a decrease of 6% from consolidated investment properties of ₱341.5 million as at December 31, 2021.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱426.0 million as at December 31, 2022, an increase of 7% from consolidated other noncurrent assets of ₱449.6million as at December 31, 2021.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were ₱8,786.0 million as at December 31, 2022, a decrease of 4% from consolidated current portion of trade and other payables of ₱9,182.0 million as at December 31, 2021.

Current portion of loans payable

The Company's consolidated current portion of loans payable were ₱20,654.3 million as at December 31, 2022, an increase of 16% from the consolidated current portion of loans payable of ₱17,818.4 million as at December 31, 2021.

Deposits from customers

The Company's consolidated deposits from customers were ₱1,064.9 million as at December 31, 2022, a slight increase from consolidated deposits from customers of ₱875.9 million as at December 31, 2021.

Due to related parties

The Company's consolidated due to related parties was ₱289.5 million as of December 31, 2022, an increase from consolidated due to related parties of ₱81.9 million as at December 31, 2021.

Income tax payable

The Company's consolidated income tax payable was ₱60.6 million as of December 31, 2022, an increase from consolidate income tax payable of ₱50.4 million as at December 31, 2021.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables – net of current portion was ₱938.6 million as of December 31, 2022, an increase from consolidated trade and other payables – net of current portion of ₱934.1 million as at December 31, 2021.

Loans payable - net of current portion

The Company's consolidated loans payable – net of current portion was ₱21,325.0 million as of December 31, 2022, an increase from consolidated loans payable – net of current portion of ₱12,050.8 million as of December 31, 2021. The Company entered into additional loan transactions during the course of the year to fund its installment contract receivables under the CTS Financing program as well as construction of its high rise projects.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱1,560.8 million as at December 31, 2022, an increase from consolidated deferred tax liability of ₱1,112.7 million as at December 31, 2021. This deferred tax liability was attributable to provision for income tax resulting from the delay in the income tax holiday accreditation for certain Company projects. Accreditation for these projects have since been obtained.

As at December 31, 2021 compared to as at December 31, 2020

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were ₱1,655.7 million as at December 31, 2021, an increase of 37% from consolidated cash on hand and in banks of ₱1,209.3 million as at December 31, 2020.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were ₱4,351.3 million as at December 31, 2021, a 42% increase from consolidated current portion of trade and other receivables of ₱3,064.8 million as at December 31, 2020.

Inventories

The Company's consolidated inventories were ₱41,704.8 million as at December 31, 2021, an increase of 5% from consolidated inventories of ₱39,812.0 million as at December 31, 2020. The increase was due mainly to work in progress inventories related to high rise building project in Urban Deca Homes Manila, Urban Deca Homes Ortigas, Urban Deca Tower Cubao and Urban Deca Homes Commonwealth.

Due from related parties

The Company's consolidated due from related parties were ₱1,329.1 million as at December 31, 2021, an increase of 11% from consolidated due from related parties of ₱1,194.6 million as at December 31, 2020.

Other current assets

The Company's consolidated other current assets were ₱5,175.2 million as at December 31, 2021, an increase of 26% from consolidated other current assets of ₱4,117.3 million as at December 31, 2020, primarily due to increased advances to contractors in relation to construction of the Company's development projects.

Trade and other receivables – net of current portion

The Company's consolidated trade and other receivables – net of current portion were ₱31,922.0 million as at December 31, 2021, an increase from consolidated trade and other receivables – net of current portion of ₱25,838.7 million as at December 31, 2020.

Property and equipment

The Company's consolidated property and equipment was ₱732.3 million as at December 31, 2021, a decrease of 1% from consolidated property and equipment of ₱739.3 million as at December 31, 2020.

Investment properties

The Company's consolidated investment properties were ₱341.5 million as at December 31, 2021, a decrease of 2% from consolidated investment properties of ₱348.0 million as at December 31, 2020.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱449.6 million as at December 31, 2021, an increase of 7% from consolidated other noncurrent assets of ₱419.8 million as at December 31, 2020.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were ₱9,182.0 million as at December 31, 2021, an increase of 71% from consolidated current portion of trade and other payables of ₱5,362.3 million as at December 31, 2020.

Current portion of loans payable

The Company's consolidated current portion of loans payable were ₱17,818.4 million as at December 31, 2021, a decrease of 10% from the consolidated current portion of loans payable of ₱19,742.4 million as at December 31, 2020.

Deposits from customers

The Company's consolidated deposits from customers were ₱875.9 million as at December 31, 2021, a slight increase from consolidated deposits from customers of ₱858.9 million as at December 31, 2020.

Due to related parties

The Company's consolidated due to related parties were ₱81.9 million as at December 31, 2021, a decrease from consolidated due to related parties of ₱233.5 million as at December 31, 2020.

Income tax payable

The Company's consolidated income tax payable was ₱50.4 million as at December 31, 2021, a decrease from consolidate income tax payable of ₱74.5 million as at December 31, 2020.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables – net of current portion were ₱934.1 million as at December 31, 2021, an increase from consolidated trade and other payables – net of current portion of ₱926.1 million as at December 31, 2020.

Loans payable - net of current portion

The Company's consolidated loans payable – net of current portion was ₱12,050.8 million as at December 31, 2021, an increase from consolidated loans payable – net of current portion of ₱11,470.5 million as at December 31, 2020. The Company entered into additional loan transactions during the course of the year to fund its installment contract receivables under the CTS Gold program as well as construction of its high rise projects.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱1,112.7 million as at December 31, 2021, an increase from consolidated deferred tax liability of ₱880.5 million as at December 31, 2020. This deferred tax liability was attributable to provision for income tax resulting from the delay in the income tax holiday accreditation for certain Company projects. Accreditation for these projects have since been obtained.

As at December 31, 2020 compared to as at December 31, 2019

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were ₱1,209.3 million as at December 31, 2020, an increase of 16% from consolidated cash on hand and in banks of ₱1,043.4 million as at December 31, 2019.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were ₱3,064.8 million as at December 31, 2020, a 17% decrease from consolidated current portion of trade and other receivables of ₱3,685.4 million as at December 31, 2019.

Inventories

The Company's consolidated inventories were ₱39,812.0 million as at December 31, 2020, an increase of 7% from consolidated inventories of ₱37,046 million as at December 31, 2019. The increase was due mainly to the reclassification of lands previously classified as held for future development to inventories subsequent to the commencement of construction of development projects on such land, and work in progress inventories related to high rise building project in Urban Deca Homes Manila and Urban Deca Homes Ortigas.

Due from related parties

The Company's consolidated due from related parties were ₱1,194.6 million as at December 31, 2020, an increase of 20% from consolidated due from related parties of ₱996.5 million as at December 31, 2019.

Other current assets

The Company's consolidated other current assets were ₱4,117.3 million as at December 31, 2020, an increase of 3% from consolidated other current assets of ₱4,014.2 million as at December 31, 2019, primarily due to increased advances to contractors in relation to construction of the Company's development projects.

Trade and other receivables – net of current portion

The Company's consolidated trade and other receivables – net of current portion were ₱25,838.7 million as at December 31, 2020, an increase from consolidated trade and other receivables – net of current portion of ₱18,179.9 million as at December 31, 2019.

Property and equipment

The Company's consolidated property and equipment was ₱739.3 million as at December 31, 2020, a decrease of 7% from consolidated property and equipment of ₱796.5 million as at December 31, 2019.

Investment properties

The Company's consolidated investment properties were ₱348.0 million as at December 31, 2020, a decrease from consolidated investment properties of ₱353.7 million as at December 31, 2019.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱419.8 million as at December 31, 2020, an increase from consolidated other noncurrent assets of ₱368.8 million as at December 31, 2019.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were ₱5,362.3 million as at December 31, 2020, a decrease of 2% from consolidated current portion of trade and other payables of ₱5,488.8 million as at December 31, 2019.

Current portion of loans payable

The Company's consolidated current portion of loans payable were ₱19,742.4 million as at December 31, 2020, an increase of 72% from the consolidated current portion of loans payable of ₱11,503.3 million as at December 31, 2019.

Deposits from customers

The Company's consolidated deposits from customers were ₱858.9 million as at December 31, 2020, an increase of 27% from consolidated deposits from customers of ₱673.7 million as at December 31, 2019.

Due to related parties

The Company's consolidated due to related parties were ₱233.5 million as at December 31, 2020, an increase from consolidated due to related parties of ₱82.6 million as at December 31, 2019.

Income tax payable

The Company's consolidated income tax payable was ₱74.5 million as at December 31, 2020, a decrease from consolidate income tax payable of ₱76.1 million as at December 31, 2019.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables – net of current portion were ₱926.1 million as at December 31, 2020, a decrease from consolidated trade and other payables – net of current portion of ₱990.0 million as at December 31, 2019.

Loans payable - net of current portion

The Company's consolidated loans payable – net of current portion was ₱11,470.5 million as at December 31, 2020, an increase from consolidated loans payable – net of current portion of ₱6,461.1 million as at December 31, 2019. The Company entered into additional loan transactions during the course of the year to fund its installment contract receivables under the CTS Gold program as well as construction of its high rise projects.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱880.5 million as at December 31, 2020, a decrease from consolidated deferred tax liability of ₱919.6 million as at December 31, 2019. This deferred tax liability was attributable to provision for income tax resulting from the delay in the income tax holiday accreditation for certain Company projects. Accreditation for these projects have since been obtained.

Liquidity and Capital Resources

The Company mainly relies on the following sources of liquidity: (1) cash flow from operations, (2) cash generated from the sale or transfer of receivables to private financial institutions such as banks or to government housing related institutions such as the Home Development Mutual Fund ("Pag-IBIG"), and (3) financing lines provided by banks. The Company knows of no demands, commitments, events, or uncertainties that are reasonably likely to result in a material increase or decrease in liquidity. The Company is current on all of its loan accounts, and has not had any issues with banks to date. The Company does not anticipate having any cash flow or liquidity problems over the next 12 months. The Company is not in breach or default on any loan or other form of indebtedness.

The Company expects to meet its operating assets and liabilities, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from its operating cash flows, borrowings and proceeds of the Primary Offer. It may also from time to time seek other sources of funding, which may include debt or equity financings, depending on its financing needs and market conditions.

Cash Flows

The following table sets forth selected information from the Company's consolidated statements of cash flows for the periods indicated:

	For the years ended December 31,		
	2022	**2021**	**2020**
	in million pesos		
Net cash from (used in) operating activities	**(3,106.79)**	**2,367.37**	**(3,184.98)**
Net cash provided by (used in) investing activities	**(1,148.21)**	**(268.69)**	**(580.74)**
Net cash provided by (used in) financing activities	**4,026.42**	**(1,652.28)**	**3,931.62**
Net increase (decrease) in cash on hand and in banks	**(228.58)**	**446.40**	**165.90**
Cash on hand and in banks at beginning of year	**1,655.74**	**1,209.34**	**1,043.44**
Cash and cash equivalents of newly acquired subsidiary	**55.07**	**-**	**-**
Cash on hand and in banks at end of year	**1,482.23**	**1,655.74**	**1,209.34**

Cash flow used in operating activities

The revenue generated from its operations, primarily the sale of residential housing units, subdivision lots and MRB condominium units, primarily affects the Company's consolidated net cash used in operating activities. The Company's consolidated net cash used in operating activities was ₱3,106.79 million for the year ended December 31, 2022, and consolidated net cash used in operating activities were ₱2,367.37 million, for the year ended December 31, 2021.

Cash flows used in investing activities

Consolidated net cash flow used in investing activities for the years ended December 31 ,2022 and 2021 were ₱1,148.21 million and ₱268.69 million, respectively.

For the year ended December 31, 2022, consolidated net cash flow used in investing activities reflected acquisitions of, business, investments, property , equipment and purchase of investment properties.

Cash flow provided by financing activities

Consolidated net cash flow provided by financing activities for the year ended December 31, 2022 was at ₱4,026.4 million while net cash flow used in financing activities for the year ended December 31, 2021 were 1,652.3 million.

For the year ended December 31, 2022, consolidated net cash flow provided by financing activities was attributable mainly to the proceeds from the Company's availment of loans during the year.

Key Performance Indicators

The table below sets forth key performance indicators for the Company for the years ended December 31, 2022 and 2021.

Key Performance Indicators	As of December 31. 2022 Unaudited	As of December 31. 2021 Unaudited
Current Ratio	2.00	1.88
Book Value Per Share	8.76	8.27
Debt to Equity Ratio	1.12	0.93
Net Debt to Equity Ratio	0.83	0.61
Asset to Equity Ratio	2.12	1.93
Asset to Debt Ratio	1.89	2.07
Debt Service Ratio	1.73	1.70
Interest Coverage Ratio	4.02	4.13

Debt Obligations and Facilities

As of December 31, 2021, the Company's total outstanding indebtedness was ₽31.9 billion, comprised of various short-term and long-term loans mainly from local banks, notes and bonds payable, with interest rates ranging from 4.05% to 7.0% per annum in 2020. The Company's interest rates are either subject to annual repricing or at variable rates. The Company's loans payable have maturities ranging from three months to five years, and are typically secured by receivables under its CTS In-house financing program, land held for future development, inventories and various properties of the Company.

Acceleration of Financial Obligations

There are no known events that could trigger a direct or contingent financial obligation that would have a material effect on the Company's liquidity, financial condition and results of operations.

Off Balance Sheet Arrangements

As of the date of this report, the Company has no material off-balance sheet transactions, arrangements, and obligations. The Company also has no unconsolidated subsidiaries.

Income or Losses Arising Outside of Continuing Operations

The Company has no sources of income or loss coming from discontinued operations. All of its Subsidiaries are expected to continue to contribute to the Company's operating performance on an ongoing basis and/or in the future.

Qualitative and Quantitative Disclosure of Market Risk

Credit Risk

The Company is exposed to credit risk from its in-house financing program. Credit risk is the risk of loss that may occur from the failure of a customer to abide by the terms and conditions of the customer's financial contract with the Company, principally the failure to make required payments on amounts due to the Company. The Company attempts to mitigate credit risk by measuring, monitoring and managing the risk for each customer seeking to obtain in-house financing. The Company has a structured and standardized credit approval process, which includes conducting background and credit checks on prospective buyers using national credit databases and, where feasible, conducting physical verification of claims regarding residences and properties owned. From time to time, the Company utilizes its receivables rediscounting lines with banks and other financial institutions with its contracts receivables as collateral ("with recourse" transactions) and/or sells installment contract receivables on a "without recourse" basis.

Liquidity Risk

The Company faces the risk that it will not have sufficient cash flows to meet its operating requirements and its financing obligations when they come due.

To better manage its liquidity risk as well as improve its cash conversion cycle, the Company currently has take-out arrangements with HDMF where it will migrate its receivables under the CTS In-house financing program to HDMF's housing loan program for its members. For 2021, the Company has successfully migrated ₱6 billion worth of receivables to HDMF. Also, in 2022, the Company continued the accreditation of its projects with various banks for its housing loan program.

In addition, the Company also pursues various sustainable strategies to better manage its liquidity profile. These include the sale to institutions (such as banks or government housing agencies).

Interest Rate Risk

Fluctuations in interest rates could negatively affect the margins of the Company in respect of its sales of receivables and could make it more difficult for the Company to procure new debt on attractive terms, or at all. The Company currently does not, and does not plan to, engage in interest rate derivative or swap activity to hedge its exposure to increases in interest rates.

Fluctuations in interest rates also have an effect on demand for the Company's products. As most of the Company's customers obtain some form of financing for their real estate purchases, interest rate levels could affect the affordability and desirability of the Company's subdivision lots and housing and condominium units.

Commodity Risk

As a property developer, the Company is exposed to the risk that prices for construction materials used to build its properties (including, among others, cement and steel) will increase. These materials are global commodities whose prices are cyclical in nature and fluctuate in accordance with global market conditions. The Company is exposed to the risk that it may not be able to pass its increased costs to its customers, which would lower the Company's margins. The Company does not engage in commodity hedging, but attempts to manage commodity risk by requiring its construction and development contractors to supply raw materials for the relevant construction and development projects (and bear the risk of price fluctuations).

Seasonality

There is no significant seasonality in the Company's sales. Delinquencies on the Company's receivables from homebuyers tend to increase in the months of June and December. During these months, the Company's customers' cash flows are impacted by the need to make tuition payments in June for their children's schooling and by Christmas Holiday-related expenditures in December. The Company mitigates this seasonality in collections by instituting credit and collection policies that encourage homebuyers to prioritize their amortization payments to the Company over other expenditures. These include incentives (i.e. vouchers for school supplies or Christmas season shopping at local stores that are given to homebuyers who are timely in their amortization payments) and remedial measures (i.e. fines for late amortization payments). For the most part, any spikes in delinquencies in June and December normalize in the succeeding month or two as homebuyers catch up on their payments.

Item 7. Consolidated Financial Statements

Please see accompanying 2022 Audited Consolidated Financial Statements ("2022 AFS")

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

Independent Public Accountants

From 0-2022, Ramon F. Garcia & Company, CPAs (RFG) has been engaged by the Board of Directors as
Independent External Auditor.

For 2019, 2018 and 2017, Punongbayan and Araullo (P&A) has been engaged by the Board of Directors as Independent External Auditor.

Until 2015, Sycip Gorres Velayo & Co. (SGV) is the Company's Independent External Auditor. SGV initially rendered its services to the Company in 2012. Prior to commencement of SGV services, the Company's Independent External Auditor was Reyes Tacandong & Co.

The Company has not had any disagreements on accounting and financial disclosures with the independent auditors. Reyes Tacandong & Co., SGV & Co. and P&A have no shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe to securities issued by the Company.

All independent auditors do not have and will not receive any direct or indirect interest in the Company or in any of our securities (including options, warrants or rights thereof) pursuant to or in connection with the Common Shares.

The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

Apart from the foregoing audit-related services, our independent auitors have not rendered tax, accounting, compliance, advice, planning and other tax services for the Company within last two fiscal years.

The 2018 audit of the Company is in compliance with paragraph (3)(b)(iv) of Securities Regulation Code Rule 68, as amended, which provides that the external auditor should be rotated, or the handling partner changed, every five (5) years or earlier.

External Audit Fees

The following table sets out the aggregate fees billed for each of the last two years for professional services rendered by P&A and services rendered by RFG in year ending 2020, excluding fees directly related to the Offer.

	2020	2021	2022
		(₱)	
Audit and Audit-related Fees (1)	9,975,000	11,750,000	12,250,000
All Other Fees (2)	997,500	1,175,000	1,225,000
Total	10,972,500	12,925,000	13,475,000

(1) Audit and Audit-Related Fees. This category includes the audit of annual financial statements, review of interim financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years.

(2) All other fees above include out-of-pocket expenses incidental to the independent auditors' work, the amounts of which do not exceed 15% of the agreed-upon engagement fees.

The Corporation did not engage the services of the External Auditors and has not paid any other fees, except as stated above.

Audit and Risk Committee

The Audit and Risk Committee is composed of at least three members of the Board who have accounting and finance backgrounds, at least one of whom is an independent director and another with audit experience. The chair of the Audit and Risk Management Committee should be an independent director.

The Audit Committee has the following functions:

(a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations;

(b) Provide oversight over the management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include receiving from management of information on risk exposures and risk management activities;

(c) Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

(d) Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget, necessary to implement it;

(e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimized duplication of efforts;

(f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of it engagement and removal;

(g) Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;

(h) Review the reports submitted by the internal and external auditors;

(i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:

    (i) Any changes in accounting policies and practices;

(ii) Major judgmental areas;

(iii) Significant adjustments resulting from the audit;

(iv) Going concern assumptions;

(v) Compliance with accounting standards; and

(vi) Compliance with tax, legal and regulatory requirements.

(j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;

(k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report;

(l) Establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties.

As of the date of writing, the Audit and Risk Management Committee is chaired by Ms. Arlene C. Keh, while Mr. Mariano D. Martinez, Jr., Mr. Luis N. Yu, Jr., Mr. Muhammad Haiqal Bin Mohd Ali, and Mr. Dominic J. Picone serve as its members.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers

The overall management and supervision of the Company is undertaken by the Company's Board of Directors. The Company's executive officers and management team cooperate with its Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Pursuant to the Company's current articles of incorporation, the Board consists of thirteen (13) members. To date, two (2) members of the Board are independent directors. Except for Mr. Manuel S. Delfin, Jr. who was elected to the Board on September 2, 2014, all of the directors were re-elected at the Company's annual shareholders meeting on July 28, 2014 and will hold office for a period of one (1) year from their election and until their successors have been duly elected and qualified.

The table below sets forth each member of the Company's Board as of writing.

Name	Age	Nationality	Position
Mariano D. Martinez, Jr.......	68	Filipino	Chairman of the Board
Luis N. Yu, Jr.........................	67	Filipino	Chairman Emeritus and Director
Atty. Anthony Vincent Sotto	47	Filipino	Director, President and CEO
Manuel C. Crisostomo	68	Filipino	Independent Director
Arlene C. Keh	55	Filipino	Independent Director
Manuel S. Delfin, Jr.	62	Filipino	Director
Lowell L. Yu	45	Filipino	Director
Raul Fortunato R. Rocha......	69	Filipino	Director
Richard L. Haosen	6	Filipino	Director, Treasurer and Head of Treasury
Ian Norman E. Dato	44	Filipino	Director
Roan B. Torregoza	37	Filipino	Director and Chief Financial Officer

The business experience of each of the directors is set forth below.

Mariano D. Martinez, Jr.
Chairman of the Board

Mr. Martinez assumed chairmanship of the Company in September 2012. He is the President and CEO of Ceres Homes, Inc. (2002 to present). He is also the President of Kwantlen Development Corporation (2010 to present). Mr. Martinez had previously held the position of President for Happy Well Management & Collection Services Inc. (2008), BP Waterworks Incorporated (1997), 8990 Luzon Housing Development Corporation (until 2011) and Fog Horn, Inc. (until 2011). He is currently a Board Advisor to the SHDA, the largest industry organization for real estate developers in the Philippines. He held the positions of Chairman (2001-2002) and President (1999-2001) for the SHDA. Mr. Martinez holds a Bachelor of Science in Business Management degree from De La Salle College (1976). Mr. Martinez has more than 30 years of experience managing and heading companies engaged in Mass Housing subdivision development.

Luis N. Yu, Jr.
Chairman Emeritus and Director

Mr. Yu became a director of the Company in July 2012. Mr. Yu is the Founder and Chairman Emeritus of the Company. Mr. Yu is also the Chairman Emeritus of IHoldings, Inc. (2012 to present). He is also the Chairman of 8990 Cebu Housing Development Corporation, 8990 Visayas Housing Development Corporation, 8990 Davao Housing Development Corporation, 8990 Mindanao Housing Development Corporation, 8990 Iloilo Housing Development Corporation and 8990 Luzon Housing Development Corporation (2009 to present), 8990 Housing Development Corporation (2006 to present), Ceres Homes, Inc. (2002 to present), N&S Homes, Inc. (1998 to present), L&D Realty Holdings, Inc. (1998 to present), and Fog Horn (1994 to present). Mr. Yu is currently the President of DECA Housing Corporation (1995 to present). Mr. Yu holds a Master in Business Management degree from the Asian Institute of Management. Mr. Yu has more than 30 years of experience managing and heading companies engaged in Mass Housing subdivision development.

Manuel C. Crisostomo
Independent Director

Mr. Crisostomo was Senior Vice President and CEO of the Home Development Mutual Fund (HDMF) from 2001 to 2002, capping a government career spanning various positions for 25 years. He was the President and CEO of Firm Builders Realty Development Corporation from 2005 to 2013 and served as National President and Chairman of SHDA from 2010 to 2011. Mr. Crisostomo has a BS Industrial Engineering degree from the University of the Philippines and passed the Career Executive Service Officer of the Civil Service Commission.

Arlene C. Keh
Independent Director

Ms. Keh became an independent director of the Company in August 2012. Ms. Keh holds the position of President of CG & E Holdings Corporation, Cypress Grove Estates Corporation, and CGE South Hills Ventures, Incorporated. She is also the Managing Director of Ceres Homes, Incorporated, Director and Treasurer of C-S Mansions and Development Corporation and Alabang Homes Condotel, Inc. Ms. Keh is a member of the Board of Governors of the SHDA, consultant to the Board of Directors of SM Foundation, Incorporated, and a member of the Board of Directors/Trustees of Foundation for Professional Training, Inc., Asian Appraisal Company, Incorporated and Amalgamated Project Management Services, Inc. Ms. Keh holds a Masters in Business Administration from the J.L. Kellogg Graduate School of Management, Northwestern University, Chicago Illinois, USA and the Hong Kong University of Science and Technology, Clearway Bay, Hong Kong. She has a Bachelor of Science in Biology degree (Summa Cum laude) from the University of the Philippines, where she also earned the Dean's Medal for the Highest Academic Achievement.

Manuel S. Delfin, Jr.
Director

Dr. Delfin is currently a partner in Allied Ophthalmic Consultants. He is also a consultant and the Vice-Chairman of the Department of Ophthalmology in Manila Doctors Hospital. He is also a consultant in Patients First Medical Center. Apart from his medical affiliations, he is also currently serving the following positions: (i) Corporate Secretary of UP Medical Foundation; (ii) President of Lakan Bakor Foundation; (iii) Treasurer of Philippine Glaucoma Society; (iv) Assistant Secretary of Philippine Glaucoma Foundation; (v) Director of Happy Wells Management & Corp.; and (vi) Director of 77 Avenida Corp. Dr. Delfin graduated with a bachelor's degree in Zoology from the University of the Philippines Diliman, cum laude, in 1982. He obtained his medical degree from the University of the Philippines College of Medicine in 1986. He also obtained his residency from the same university in 1990. He obtained his fellowship in Glaucoma from California Pacific Medical Center, USA, under Dr. Dr. Robert L. Stamper MD and Dr. Marc F. Lieberman MD.

Lowell L. Yu
Director

Mr. Yu, is currently the President of iHoldings Inc. He also holds chairmanship positions at 77 Living Spaces, Inc, Grand Majestic Convention City Corp., 101 Restaurant City, Inc., iKitchen Inc., MyMarket, Inc. and Govago, Inc. He is also a founding partner of Dato and Yu Law offices. He previously worked as an AVP of Business Development of Earth+Style/Quantuvis Resources. Atty. Yu Holds Masters in Management from the Asian Institute of Management and a Bachelor of Laws from Siliman University.

Raul Fortunato R. Rocha
Director

Mr. Rocha was born in Tabaco Albay on August 28, 1953. A banker for fourteen years and a businessman with businesses that include real estate development and leasing. He is currently the president of LYRR Realty Development Corporation and Naga Queenstown Realty and Development Inc. He is also the Chairman of the Board of Directors of Tabaco Port Cargo Corp. He graduated from Divine Word College Legazpi City in 1976 with a degree of BSC Major in Management. He is a member of various organizations like Rotary Club of Naga East, Metro Naga Chamber of Commerce and Industry and Kapisanan ng mga Broadcaster ng Pilipinas (KBP).

Richard L. Haosen
Director, and Treasurer

Mr. Richard L. Haosen, assumed the position of Treasurer of the Company in 2010. Mr. Haosen is also currently serving as the General Manager of 8990 Housing. Before joining the Company in 2010, he served as the Vice President/Division Head of the Business Lending Division – Cebu and the Business Lending Group – Visayas/Mindanao of Metropolitan Bank and Trust Company (MBTC) from 2006 to 2010. He also served as Unit Head of MBTC Cebu Account Management Unit from 2005 to 2006, and as Account Officer of MBTC Cebu Downtown Center Branch from 1994 to 2005. Mr. Haosen obtained his license as a Certified Public Accountant in 1982. He also has a degree in B.S. Commerce, major in Accounting from the Ateneo de Davao University (1982).

Anthony Vincent S. Sotto
President and CEO

Atty. Sotto has been with 8990 Holdings Inc since September 2, 2021. Atty. Sotto has been with 8990 Housing Development for almost 18 years and has the same years of experience in the real estate development industry. Prior to his joining the Company, he was an associate lawyer for Solis and Medina Law Offices. In 2003, he joined the Company as an Assistant General Manager and served as such for eight years. Thereafter, he became the General Manager of 8990 Housing Development Corporation and served as such for seven years. He then assumed the position of Deputy Chief Executive Officer in June 2019. Atty. Sotto has a Bachelor of Laws from the University of the Philippines Diliman Campus in 2001, and was admitted to the Philippine bar in 2002.

Ian Norman E. Dato
Director

Mr. Dato is the Managing Partner of Dato Inciong & Associates. He is also an incumbent director of IKitchen, Inc. and MyMarket, Inc. and an incoming one (pending approval by the Monetary Board) of First Naga Rural Bank, Inc. He is Corporate Secretary to 27 corporations. His experience in private law practice includes Ponce Enrile Reyes & Manalastas Law Offices (2012) and Kalaw Sy Vida Selva & Campos (2005-2006). He was in government service between 2003 and 2010 in various capacities, such as: Undersecretary of Justice (2010), Undersecretary of Political Affairs (2008-2010), Assistant Secretary of Political Affairs (2007-2008), and Director in the Presidential Legislative Liaison Office in the Office of the President of the Philippines (2003-2005). He has a Master of Laws degree from University College of London where he graduated with merit in 2011. He obtained his *Juris Doctor* from the Ateneo de Manila University School of Law and a degree in Political Science from the University of the Philippines Diliman. He is a member of the UCL Alumni Association, International Visitors Leadership Program Alumni of the U.S. Department of State, and Chevening Alumni of the Foreign & Commonwealth Office of the United Kingdom.

Roan Buenaventura – Torregoza
Director, CFO

Mrs. Roan Buenaventura-Torregoza assumed the position of Chief Financial Officer of the Company on September 2016. Prior to her current position, she served as Acting Chief Financial Officer, Deputy Chief Financial Officer, Assistant General Manager for Audit, and Management Services Manager for 8990 Holdings, Inc. Before joining the Company in 2014, she served as Account Officer of Wholesale Finance Department of BPI Family Savings Bank, Inc. from 2008 to 2012. Ms. Buenaventura-Torregoza finished her Master in Business Administration Concentration in Finance from Asian Institute of Management as W. Sycip Graduate School of Business Scholar in December 2013. She also has a degree in B.S. Business Administration from the University of the Philippines-Diliman (2007).

The table below sets forth the Company's officers as of writing.

Name	Age	Nationality	Position
Mariano D. Martinez, Jr.	68	Filipino	Chairman of the Board
Atty. Anthony Vincent Sotto	47	Filipino	President & Chief Executive Officer
Alexander Ace Sotto	41	Filipino	Chief Operating Officer
Roan B. Torregoza	37	Filipino	Chief Financial Officer
Richard L. Haosen	60	Filipino	Treasurer and Head of Treasury
Teresa C. Secuya	62	Filipino	Compliance Officer
Cristina S. Palma Gil-Fernandez	55	Filipino	Corporate Secretary
Maureen O. Lizarondo-Medina	36	Filipino	Asst. Corporate Secretary
Patricia Victoria G. Ilagan	46	Filipino	Investor Relations Officer

The business experience of each of the key executive and corporate officers is set forth below.

Please refer to the table of Directors above.

The business experience of each of the key executive and corporate officers for the last five years is set forth below.

Mariano D. Martinez, Jr.
Chairman of the Board
Please refer to the table of Directors above.

Atty. Anthony Vincent Sotto
President and Chief Executive Officer
Please refer to the table of Directors above.

Alexander Ace Sotto
Chief Operating Officer

Mr. Sotto has been with 8990 Holdings Inc for the past 18 years since he joined the company in 2004. He is currently the Chief Operating Officer of the Company. He was the General Manager for Construction of the Company. He also holds the positions of Governor of the SHDA for Visayas and Advisor for the SHDA in Central Visayas. He holds a Bachelor of Science degree in Civil Engineering from the University of San Carlos Technological Center, Talamban, Cebu City in 2002.

Roan B. Torregoza
Chief Financial Officer
Please refer to the table of Directors above.

Richard L. Haosen
Treasurer and Head of Treasury
Please refer to the table of Directors above.

Teresa C. Secuya
Compliance Officer

Ms. Teresa S. Secuya has served as Compliance Officer of 8990 Holdings, Inc. since 2013. Ms. Secuya is also currently the Executive Assistant to the Chairman of 8990 Luzon Housing Development Corp. Prior to her current positions, she served as Executive Assistant at 8990 Housing Development Corp. (2012-2013), Executive Assistant at Fog Horn, Inc. (2010-2012), the Executive Secretary of the President of Ceres Homes, Inc. (February 2006 to December 2009), Executive Assistant of the Chairman of Urban Basic Housing Corporation (May 1999 to January 2003), Executive Assistant for Admin Affairs of Newpointe Realty & Development Corp. (June to July 1996), Marketing Assistant of HLC Construction & Development Corp. (March to May 1996), Assistant Personal Coordinator at Lead Export Corp. (1989-1991), Settlements Aide III Secretary at the Ministry of Human Settlements (1983-1987), and Fixed-Period Clerk at Procter and Gamble Philippines. She obtained the Bachelor of Arts degree, major in Communication Arts from the Ateneo de Davao University in 1982.

Cristina S. Palma Gil-Fernandez
Corporate Secretary

Atty. Palma Gil-Fernandez assumed the position of Corporate Secretary of the Company in September 2012. Atty. Palma Gil-Fernandez graduated with a Bachelor of Arts degree, Major in History (Honors) from the University of San Francisco in 1989, and with a Juris Doctor degree, second honors, from the Ateneo de Manila University in 1995. She is currently a Partner at Picazo Buyco Tan Fider & Santos Law Offices and has over 25 years of experience in corporate and commercial law, with emphasis on the practice areas of banking, securities and capital markets (equity and debt), corporate reorganizations and restructurings and real estate. She currently serves as a Corporate Secretary of several large Philippine corporations, including three other publicly-listed Philippine corporations, and as Assistant Corporate Secretary to one of the largest publicly-listed infrastructure companies in the Philippines.

Maureen O. Lizarondo-Medina
Assistant Corporate Secretary

Atty. Maureen O. Lizarondo-Medina assumed the position of Assistant Corporate Secretary in July 2015. Atty. Lizarondo-Medina graduated cum laude with the degree of Bachelor Arts, Major in Political Science, from the University of the Philippines in 2007, and with a Juris Doctor degree, second honors, from the Ateneo de Manila University in 2011. She is currently a Partner at Picazo Buyco Tan Fider & Santos Law Offices. She also serves as Corporate Secretary of Tullett Prebon (Philippines), Inc. and ICAP Philippines, Inc. She is also the Assistant Corporate Secretary of mutual funds managed by the Philam Asset Management, Inc. including Philam Fund, Inc., Philam Bond Fund, Inc., Philam Dollar Bond Fund, Inc., Philam Strategic Growth Fund, Inc., Philam Managed Income Fund, Inc., PAMI Global Bond Fund Philippines, Inc., PAMI Asia Balanced Fund Inc., PAMI Horizon Fund Inc., and PAMI Equity Index Fund, Inc.

Patricia Victoria G. Ilagan
Investor Relations Officer

Ms. Patricia Victoria G. Ilagan joined 8990 in 2016 and is presently 8990's Investor Relations Officer. Prior to joining 8990, she worked at Philippine Equity Partners (a local research partner of Bank of America Merrill Lynch) from 2015-2017. She has an MBA degree from Esade Business School and a Bachelor of Science (Management) at Ateneo de Manila University. Her previous roles also include working as Senior Research Associate at Macquarie Capital Securities Philippines (2010-2012), Senior Manager for Financial Planning and Analysis at Bloomberry Resorts and Hotels Inc (2014-2015), Manager for Financial Planning and Analysis at Bloomberry Resorts and Casino (2012-2014).

<u>Family Relationships</u>

As of writing, family relationships (by consanguinity or affinity within the fourth civil degree) between Directors and members of the Company's senior management are as follows:

Lowell L. Yu, Director, is the son of Mr. Luis N. Yu, Jr., Director.

<u>Involvement of Directors and Executive Officers in Certain Legal Proceedings</u>

To the best of the Company's knowledge and belief and after due inquiry, none of the Company's directors, nominees for election as director, or executive officers have in the five-year period prior to the date of this report: [1] had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time; [2] have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses; [3] have been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or [4] have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, such judgment having not been reversed, suspended, or vacated.

Item 10. Executive Compensation

Compensation

The following are the Company's president and three most highly compensated executive officers for the year ended December 31, 2022:

Name	Position
Anthony Vincent S. Sotto	President and CEO
Alexander Ace Sotto	Chief Operating Officer
Roan Buenaventura-Torregoza	Chief Financial Officer
Richard L. Haosen	General Manager – Treasury Group
Maria Rhena M. Caceres	General Manager – Sales and Documentation

The following table identifies and summarizes the aggregate compensation (actual and expected) of the Company's President and the four most highly compensated executive officers of the Company in 2022, 2021 and 2020:

	Year	Total(1) (₱)
President and the four most highly compensated executive officers named above	2022	18.10 million
	2021	11.21 million
	2020	9.34 million

Note:
(1) Includes salary, bonuses and other income.

Compensation of Directors

The by-laws of the Company provide that, by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten (10%) percent of the net income before tax of the Company during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders. However, since 2013, no directors' compensation was approved and given by the Board.

Currently, the directors are entitled to a per diem allowance of ₱10,000.00 for each attendance in the Company's board meetings.

Employee Stock Option Plan

The Corporation has no employee stock option plan at the moment.

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

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Company's voting securities as of December 31, 2022.

Name and Address of Record Owners	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	Total No. of Shares Held	% of Total Outstanding Shares
IHoldings, Inc. Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner is the beneficial owner of the shares indicated	Filipino	2,524,367,002*	2,524,367,002*	46.82*
Kwantlen Development Corporation Unit 605, Ayala FGU Center, Cebu	The record owner is the beneficial owner of the shares indicated	Filipino	1,710,102,823	1,710,102,823	31.72%

excludes the 40,000,000 shares registered in the name of IP Ventures, Inc. with an agreement to transfer to IHoldings, Inc. upon expiration of the PSE lock-up thereon.

As of December 31, 2022 the Company's level of foreign ownership is 0.18% of its equity.

Security Ownership of Directors and Officers as of writing

Class	Name of Beneficial Owner	Amount	Citizenship	% of Total Outstanding Shares
Common	Luis N. Yu, Jr.	258,099,322 – direct	Filipino	4.79
Common	Mariano D. Martinez, Jr.	168,916,767 – direct	Filipino	3.17
		1,979,200- indirect		
Common	Anthony Vincent Sotto	1 – direct	Filipino	0.09
		5,000,000 - indirect		
Common	Arlene C. Keh	1 – direct	Filipino	0
Common	Manuel C. Crisostomo	100 – direct	Filipino	0
Common	Manuel S. Delfin, Jr.	1 – direct	Filipino	0
Common	Lowell L. Yu	1 – direct	Filipino	0
Common	Raul Fortunato R. Rocha	101 – direct	Filipino	0.01
		500,000 – indirect*		
Common	Richard L. Haosen	1 – direct	Filipino	0
		20,000- indirect*		
Common	Alexander Ace S. Sotto	100 – direct	Filipino	
Common	Ian Norman E. Dato	5,001 – direct	Filipino	0.09
Common	Roan Buenaventura-Torregoza	5,000,000,000 – direct	Filipino	0
		1,500 – indirect		
Common	Cristina S. Palma Gil- Fernandez	None	Filipino	0
Common	Maureen O. Lizarondo- Medina	None	Filipino	0
Common	Teresa C. Secuya	None	Filipino	0
Common	Patricia Victoria G. Ilagan	None	Filipino	0

Total: 439,521,996 shares

**held through the PCD Nominee Corporation*

Voting Trust Holders of Five Percent or More

There were no persons holding more than five percent of a class of shares of the Company under a voting trust or similar agreement as of writing.

Changes in Control

As of year-end 2020, there are no arrangements, which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

The Company and its Subsidiaries, in their ordinary course of business, engage in transactions with related parties and affiliates. These transactions include advances and reimbursement of expenses. Settlement of outstanding balances of advances at year-end occurs in cash. As of December 31, 2017 and 2018, the Company has not made any provision for impairment losses relating to amounts owed by related parties.

Refer to Note 29 of the 2020 Audited Consolidated Financial Statements for the summary of the Company's transactions with its related parties.

Transactions Not in the Ordinary Course of Business

The Company has likewise entered into transactions with related parties otherwise than in the ordinary course of business. These transactions consist of advances to and from the 8990 Majority Shareholders and the 8990 Related Companies as disclosed in Note 29 of the 2020 Audited Consolidated Financial Statements.

PART IV - CORPORATE GOVERNANCE

Item 13. Corporate Governance

See Exhibit 1 for the Annual Corporate Governance Report filed with SEC on May 30, 2022.

PART V - EXHIBITS AND SCHEDULES

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

Report	Date
Statement of Changes in Beneficial Ownership of Securities	11-Jan-22
Statement of Changes in Beneficial Ownership of Securities	12-Jan-22
Public Ownership Report	18-Jan-22
Material Information/Transactions	24-Jan-22
List of Top 100 Stockholders (Common Shares)	24-Jan-22
List of Top 100 Stockholders (Preferred Shares)	24-Jan-22
List of Top 100 Stockholders (Preferred Shares)	24-Jan-22
[Amend-1]Quarterly Report	31-Jan-22
Press Release	02-Feb-22
Press Release	04-Feb-22
[Amend-1]Press Release	07-Feb-22
Declaration of Cash Dividends	18-Feb-22
Declaration of Cash Dividends	18-Feb-22
Declaration of Cash Dividends	18-Feb-22
Declaration of Cash Dividends	18-Feb-22
Declaration of Cash Dividends	18-Feb-22
Declaration of Cash Dividends	18-Feb-22
Declaration of Cash Dividends	18-Feb-22
List of Top 100 Stockholders (Common Shares)	18-Apr-22
List of Top 100 Stockholders (Preferred Shares)	18-Apr-22
List of Top 100 Stockholders (Preferred Shares)	18-Apr-22

Public Ownership Report	19-Apr-22
Notice of Annual or Special Stockholders' Meeting	04-May-22
Request for extension to file SEC Form 17-Q	13-May-22
Integrated Annual Corporate Governance Report	31-May-22
Annual Report	31-May-22
Quarterly Report	31-May-22
Press Release	31-May-22
Press Release	31-May-22
Material Information/Transactions	01-Jun-22
[Amend-1]Annual Report	02-Jun-22
Acquisition or Disposition of Shares of Another Corporation	10-Jun-22
Clarification of News Reports	16-Jun-22
[Amend-1]Quarterly Report	16-Jun-22
Material Information/Transactions	17-Jun-22
Information Statement	24-Jun-22
[Amend-1]Notice of Annual or Special Stockholders' Meeting	27-Jun-22
[Emergency]Material Information/Transactions	11-Jul-22
[Emergency]Material Information/Transactions	19-Jul-22
[Emergency]Public Ownership Report	19-Jul-22
[Emergency]List of Top 100 Stockholders (Common Shares)	19-Jul-22
[Emergency]List of Top 100 Stockholders (Preferred Shares)	19-Jul-22
[Emergency]List of Top 100 Stockholders (Preferred Shares)	19-Jul-22
[Emergency]Results of Annual or Special Stockholders' Meeting	26-Jul-22
[Emergency]Results of Organizational Meeting of Board of Directors	26-Jul-22
[Emergency]Clarification of News Reports	26-Jul-22
[Emergency]Quarterly Report	28-Jul-22
[Emergency]Press Release	28-Jul-22
Report by Owner of More Than Five Percent	03-Oct-22
Report by Owner of More Than Five Percent	03-Oct-22
Statement of Changes in Beneficial Ownership of Securities	03-Oct-22
Statement of Changes in Beneficial Ownership of Securities	03-Oct-22
Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)	03-Oct-22
Public Ownership Report	17-Oct-22
List of Top 100 Stockholders (Common Shares)	18-Oct-22
List of Top 100 Stockholders (Preferred Shares)	18-Oct-22
List of Top 100 Stockholders (Preferred Shares)	18-Oct-22
Material Information/Transactions	28-Oct-22
Redemption of Security	07-Nov-22
Voluntary Trading Suspension	07-Nov-22
Material Information/Transactions	09-Nov-22
Clarification of News Reports	09-Nov-22
Press Release	10-Nov-22
Quarterly Report	10-Nov-22
Quarterly Report	10-Nov-22
Press Release	10-Nov-22
Material Information/Transactions	14-Dec-22

Report	Date
Share Buy-Back Transactions	Jan 02, 2020
Share Buy-Back Transactions	Jan 03, 2020
Share Buy-Back Transactions	Jan 06, 2020
Share Buy-Back Transactions	Jan 07, 2020
Share Buy-Back Transactions	Jan 08, 2020
Share Buy-Back Transactions	Jan 09, 2020
Share Buy-Back Transactions	Jan 10, 2020
Share Buy-Back Transactions	Jan 14, 2020
List of Top 100 Stockholders	Jan 14, 2020
Share Buy-Back Transactions	Jan 15, 2020
Public Ownership Report	Jan 15, 2020
Share Buy-Back Transactions	Jan 16, 2020
Share Buy-Back Transactions	Jan 17, 2020
Share Buy-Back Transactions	Jan 20, 2020
Share Buy-Back Transactions	Jan 21, 2020
Share Buy-Back Transactions	Jan 22, 2020
Share Buy-Back Transactions	Jan 23, 2020
Share Buy-Back Transactions	Jan 24, 2020
Share Buy-Back Transactions	Jan 27, 2020
Share Buy-Back Transactions	Jan 28, 2020
Share Buy-Back Transactions	Jan 29, 2020
Share Buy-Back Transactions	Jan 30, 2020
Share Buy-Back Transactions	Jan 31, 2020
Share Buy-Back Transactions	Feb 03, 2020
Declaration of Cash Dividends	Feb 04, 2020
Declaration of Cash Dividends	Feb 04, 2020
Declaration of Cash Dividends	Feb 04, 2020
Declaration of Cash Dividends	Feb 04, 2020
Share Buy-Back Transactions	Feb 04, 2020
Clarification of News Reports	Feb 04, 2020
Share Buy-Back Transactions	Feb 05, 2020
Share Buy-Back Transactions	Feb 06, 2020
Share Buy-Back Transactions	Feb 07, 2020
Share Buy-Back Transactions	Feb 10, 2020
Share Buy-Back Transactions	Feb 11, 2020
Share Buy-Back Transactions	Feb 12, 2020
Share Buy-Back Transactions	Feb 13, 2020
Share Buy-Back Transactions	Feb 14, 2020
Share Buy-Back Transactions	Feb 17, 2020
Share Buy-Back Transactions	Feb 17, 2020
Share Buy-Back Transactions	Feb 18, 2020
Share Buy-Back Transactions	Feb 19, 2020
Share Buy-Back Transactions	Feb 20, 2020
Share Buy-Back Transactions	Feb 21, 2020
Share Buy-Back Transactions	Feb 24, 2020
Share Buy-Back Transactions	Feb 26, 2020
Share Buy-Back Transactions	Feb 27, 2020
Share Buy-Back Transactions	Feb 28, 2020
Share Buy-Back Transactions	Mar 02, 2020
Share Buy-Back Transactions	Mar 03, 2020

Share Buy-Back Transactions	Mar 04, 2020
Share Buy-Back Transactions	Mar 05, 2020
Share Buy-Back Transactions	Mar 06, 2020
Share Buy-Back Transactions	Mar 09, 2020
Share Buy-Back Transactions	Mar 10, 2020
Share Buy-Back Transactions	Mar 11, 2020
Share Buy-Back Transactions	Mar 12, 2020
Share Buy-Back Transactions	Mar 13, 2020
Share Buy-Back Transactions	Mar 16, 2020
Material information/Transactions	Mar 16, 2020
Request for extension to file SEC Form 17-A	Apr 08, 2020
List of Top 100 Stockholders	Apr 15, 2020
Public Ownership Report	Apr 15, 2020
Request for extension to file SEC Form 17-Q	May 11, 2020
Request for extension to file SEC Form 17-A	Jul 07, 2020
Request for extension to file SEC From 17-Q	Jul 07, 2020
Postponement of Annual Stockholders' Meeting	Jul 14, 2020
Notice of Annual or Special Stockholders' Meeting	Jul 14, 2020
List of Top 100 Stockholders	Jul 15, 2020
Public Ownership Report	Jul 16, 2020
Notice of Analysts'/Investors' Briefing	Jul 28, 2020
[Amend-1] Notice of Analysts'/Investors' Breifing	Jul 30, 2020
Press Release	Aug 04, 2020
Annual Report	Aug 04, 2020
Quarterly Report	Aug 04, 2020
[Amend-1] Quarterly Report	Aug 04, 2020
Material Information/Transactions	Aug 05, 2020
Information Statement	Aug 07, 2020
Statement of Changes in Beneficial Ownership of Securities	Aug 14, 2020
Information Statement	Aug 07, 2020
[Amend-1] Notice of Annual or Special Stockholders' Meeting	Aug 24, 2020
[Amend-1] Information Statement	Aug 24, 2020
Quarterly Report	Aug 25, 2020
[Amend-1] Quarterly Report	Aug 25, 2020
Material Information/Transactions	Aug 26, 2020
Integrated Annual Corporate Governance Report	Sep 01, 2020
[Amend-1] Amendments to Articles of Incorporation	Sep 07, 2020
Notice of Analysts'/Investor's Briefing	Sep 07, 2020
Results of Annual or Special Stockholders' Meeting	Sep 15, 2020
Results of Organizational Meeting of Board of Directors	Sep 15, 2020
Clarification of News Reports	Sep 15, 2020
[Amend-1] Clarification of News Reports	Sep 15, 2020
Material Information/Transactions	Oct 09, 2020
Material Information/ Transactions	Oct 14, 2020
List of Top 100 Stockholders	Oct 15, 2020
Press Release	Oct 15, 2020
Material Information/transactions	Oct 21, 2020
Quarterly Report	Nov 09, 2020
Press Release	Nov 09, 2020
[Amend-2]Amendments to Articles of Incorporation	Nov 17, 2020

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulations Code, and Section 14 of the Corporation Code, the ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022 (SEC FORM 17-A) is signed on behalf of the issuer by the undersigned, thereunto duly authorized in the city of Pasig, Philippines on ___________________ 2023.

MARIANO D. MARTINEZ
Chairman

ANTHONY VINCENT S. SOTTO
President and CEO

ROAN BUENAVENTURA - TORREGOZA
Chief Financial Officer

CRISTINA S. PALMA GIL-FERNANDEZ
Corporate Secretary

Before me REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

SUBSCRIBED AND SWORN TO before me this APR 25 2023, the following persons exhibiting me their Passports/ TIN IDs:

		Date of Issue	Place of Issue
Mariano D. Martinez	SSS Number 03-4310513-8		Makati City
Roan Buenaventura – Torregoza	UMID Number 1210-1072-0364		Mandaluyong City
Anthony Vincent S. Sotto	Driver's License H03-94-018909		Cebu City
Cristina S. Palma Gil-Fernandez	Passport P5655630A	18 Jan 2018	DFA NCR South

Doc. No. : 44
PageNo.: 10
Book No.: 9
Series of 2023

ATTY. DARIAN KAYE. B. AQUINO
NOTARY PUBLIC FOR AND IN THE CITY OF PASIG
Appointment No. 28 (2022-2023), until 31 December 2023
IBP No. 267148; 2 Jan 23; Isabela
PTR No. 0112584; 4 Jan 23; Pasig City
MCLE Compliance No. VII-0016232, 14 April 2025
Roll No. 72050

Annex "F"

COVER SHEET

C	S	2	0	0	5	1	1	8	1	6

S.E.C. Registration Number

8990 HOLDINGS, INC.

(Company's Full Name)

11F LIBERTY CENTER, 104 HV DELA COSTA, SALCEDO VILLAGE, MAKATI

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

Roan Buenaventura-Torregoza
Chief Finance Officer

Contact Person/s

(632) 4789659/5333915/5333917

Company Telephone Number

0	3		3	1

Month Day

Calendar Year

SEC Form 17-Q
March 31,2023

FORM TYPE

0	7		2	8

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders	Domestic	Foreign
37	**33**	**3**

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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, 2022**

2. Commission identification number **CS 2005 11 816**

3. BIR Tax Identification No **239-508-223-000**

4. Exact name of issuer as specified in its charter

8990 HOLDINGS, INC.

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

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code

11F Liberty Center, 104 HV Dela Costa, Salcedo Village, Makati City, 1200 Philippines

8. Issuer's telephone number, including area code **(632) 4789659/5333915/5333917**

9. Former name, former address and former fiscal year, if changed since last report **N/A**

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	**5,391,399,020**
Preferred Shares	**37,000,000**
Fixed Rate Bonds	**0**

11. 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**
Name of Stock Exchange: **Philippine Stock Exchange**
Class of Securities Listed: **Preferred 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.

8990 HOLDINGS, INC AND SUBSIDIARIES
Unaudited Consolidated Statements of Financial Position (in Philippine Peso)

	31-Mar		31-Dec	
	2023 Unaudited	2022 Unaudited	2022 Audited	2021 Audited
ASSETS				
CURRENT ASSETS				
Cash on hand and in banks (note 5)	**825,717,925**	1,983,550,734	1,482,231,058	1,655,736,073
Current portion of trade and other receivables (note 6)	**5,815,734,416**	5,040,309,808	5,868,736,522	4,351,320,159
Inventories (note 7)	**48,013,614,910**	41,864,574,448	46,721,266,042	41,704,768,481
Due from related parties (note 23)	**2,472,117,284**	1,385,749,711	2,044,601,483	1,329,051,204
Other current assets (note 9)	**5,922,730,941**	5,200,843,395	5,532,281,150	5,175,213,415
Total Current Assets	**63,049,915,476**	**55,475,028,096**	**61,649,116,255**	**54,216,089,332**
NON-CURRENT ASSETS				
Trade and other receivables - net of current portion (note 6)	**41,617,704,274**	33,019,907,580	38,035,151,992	31,922,025,883
Investment securities at fair value through OCI (note 8)	**1,352,155,026**	1,276,692,847	1,352,155,027	1,276,692,847
Investment in associates	**241,381,049**	130,241,564	221,164,876	93,214,510
Property and equipment,net (note 10)	**798,773,601**	738,246,236	806,045,355	732,260,247
Investment properties (note)	**319,589,729**	339,953,844	321,117,811	341,522,984
Goodwill (note 9)	**526,474,833**	526,474,833	526,474,833	526,474,833
Other noncurrent assets (note 9)	**435,870,418**	460,942,648	426,006,786	449,551,009
Total Noncurrent Assets	**45,291,948,931**	**36,492,459,551**	**41,688,116,681**	**35,341,742,312**
Total Assets	**108,341,864,407**	**91,967,487,647**	**103,337,232,936**	**89,557,831,644**
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Current portion of trade and other payables (note 12)	**11,032,997,285**	10,188,323,810	8,786,051,299	9,181,985,640
Current portion of loans payable (note 15)	**19,459,430,761**	17,690,461,888	20,654,332,925	17,818,386,428
Notes payable (note 13)		500,000,000		500,000,000
Bonds payable (note 14)		375,250,971		375,019,694
Deposits from customers (note 16)	**2,139,931,607**	1,638,249,981	1,064,929,315	875,858,780
Due to related parties (note 23)	**247,613,607**	64,540,990	289,460,197	81,857,852
Income tax payable	**71,718,450**	45,405,018	60,619,149	50,421,831
Total Current Liabilities	**32,951,691,710**	**30,502,232,658**	**30,855,392,884**	**28,883,530,224**
NON-CURRENT LIABILITIES				
Trade and other payables - net of current portion (note 12)	**941,745,642**	935,868,518	938,614,270	934,065,292
Loans payable - net of current portion (note 15)	**22,368,105,357**	11,024,879,508	21,325,019,516	12,050,788,298
Bonds payable (note 14)		217,612,305		217,612,305
Deferred tax liability	**1,531,245,452**	1,122,578,810	1,560,759,293	1,112,713,723
Total Noncurrent Liabilities	**24,841,096,451**	**13,300,939,140**	**23,824,393,078**	**14,315,179,617**
Total Liabilities	**57,792,788,161**	**43,803,171,798**	**54,679,785,962**	**43,198,709,841**
EQUITY				
Capital Stock (note 17)	**5,554,990,720**	5,604,990,720	5,554,990,720	5,604,990,720
Additional paid-in capital (note 17)	**7,956,748,668**	12,906,748,668	7,956,748,668	12,906,748,668
Treasury Shares (note 17)	**(1,806,540,154)**	(1,806,540,154)	(1,806,540,154)	(1,806,540,154)
Revaluation reserve	**941,833,897**	864,446,096	941,630,048	864,446,096
Retained earnings	**37,805,396,751**	30,594,670,518	35,920,105,691	28,789,476,472
Total	**50,452,429,882**	**48,164,315,848**	**48,566,934,973**	**46,359,121,802**
Non-Controlling Interests	**96,646,364**		**90,511,998**	
Total Equity	**50,549,076,246**	**48,164,315,848**	**48,657,446,971**	**46,359,121,802**
	108,341,864,407	**91,967,487,646**	**103,337,232,933**	**89,557,831,643**

(see notes to unaudited consolidated financial statements)

8990 HOLDINGS, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Comprehensive Income (in Philippine Peso)

	For three months ended March 31		For the year ended December 31	
	2023	**2022**	2022	2021
	Unaudited	**Unaudited**	Audited	Audited
REVENUES (note 18)				
Real Estate Operations				
Real estate sales	**5,270,185,620**	**5,197,923,655**	21,412,882,642	20,332,843,842
Rental income	**28,800**	**773,436**	7,782,638	11,095,465
	5,270,214,420	**5,198,697,091**	**21,420,665,280**	20,343,939,308
Hotel operations	**46,658,302**	**16,555,433**	148,056,099	573,823
Equity share in net profits of associate	**20,216,173**	**37,027,054**	67,950,366	13,214,510
	5,337,088,895	**5,252,279,578**	**21,636,671,744**	**20,357,727,641**
COST OF SALES AND SERVICES (note 19)				
Real Estate Operations				
Cost of real estate sales	**2,664,416,970**	**2,736,799,576**	10,827,698,098	10,044,058,513
Cost of rental services	-	-	423,269	13,071
	2,664,416,969	**2,736,799,575**	**10,828,121,367**	10,044,071,582
Hotel Operations	**23,469,952**	**1,601,596**	75,472,950	9,743,084
	2,687,886,920	**2,738,401,170**	**10,903,594,316**	10,053,814,666
Gross Income	**2,649,201,975**	**2,513,878,408**	**10,733,077,428**	10,303,912,975
Operating Expenses (note 20)	**682,291,041**	**711,252,463**	3,197,250,922	2,690,517,914
Other Operating Income (Expense) (note 22)	**808,895,383**	**718,293,796**	2,757,099,200	1,723,589,375
Finance Costs (note 21)	**805,136,238**	**526,267,000**	1,912,946,118	1,673,027,902
Operating Income	**1,970,670,078**	**1,994,652,740**	**8,379,979,586**	7,663,956,532
GAIN ON ACQUISITION OF BUSINESS			**66,026,947**	
Other Income/Expense	-	-	(6,592,275.26)	-
Income Before Income Tax from Continuing Operations	**1,970,670,078**	**1,994,652,740**	**8,439,414,257**	7,663,956,532
Provision for Income Tax	**79,244,652**	**63,209,569**	786,070,961	449,024,324
Income from Continuing Operations	**1,891,425,426**	**1,931,443,171**	**7,653,343,297**	7,214,932,208
Income from Discontinuing Operations	-	-		
Net Income	**1,891,425,426**	**1,931,443,171**	**7,653,343,297**	7,214,932,208
Other Comprehensive Income	-	-	77,277,789	70,685,177.00
Total Comprehensive Income	**1,891,425,426**	**1,931,443,171**	**7,730,621,086**	7,285,617,385
NET PROFIT ATTRIBUTABLE TO:				
Equity Holders of 8990 Holdings Inc.	**1,885,291,060**	**1,931,443,171**	**7,635,444,219**	7,214,932,208
Non-controlling Interests	**6,134,365**		**17,899,080**	
	1,891,425,426	**1,931,443,171**	**7,653,343,299**	**7,214,932,208**
Basic/Diluted Earnings Per Share	**0.35**	**0.36**	**1.31**	**1.34**
(see notes to unaudited consolidated financial statements)				

8990 HOLDINGS, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Changes in Equity (in Philippine Peso)

	For three months ended March 31, 2023									
	Capital Stock	Treasury Shares	Additional Paid in Capital	Actuarial Gain on Post-employment Benefit Plan	Fair Value Gain on Investment Securities thorugh FVOCI	Subtotal	Retained Earnings	Total	Non-Controlling Interest	Total Equity
Balance at January 1, 2023	5,554,990,720	(1,806,540,154)	7,956,748,668	1,094,965	940,535,083	941,630,048	35,920,105,691	**48,566,934,973**	**90,511,998**	**48,657,446,971**
Cash dividends declared by the Parent Company						-		**-**		**-**
Issuance of preferred shares						-		**-**		**-**
Other Comprehensive Income				203,849		203,849		**203,849**		**203,849**
Comprehensive income for the year						-	1,885,291,060	**1,885,291,060**	**6,134,365**	**1,891,425,426**
Balance at March 31, 2023	**5,554,990,720**	**(1,806,540,154)**	**7,956,748,668**	**1,298,814**	**940,535,083**	**941,833,897**	**37,805,396,751**	**50,452,429,882**	**96,646,364**	**50,549,076,246**

	Capital Stock	Treasury Shares	Additional Paid in Capital	Actuarial Gain on Post-employment Benefit Plan	Fair Value Gain on Investment Securities thorugh FVOCI	Subtotal	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balances at January 1, 2022	**5,604,990,720**	**(1,806,540,154)**	**12,906,748,668**	**(626,807)**	**865,072,903**	**864,446,096**	**28,789,476,472**	**46,359,121,802**	**-**	**46,359,121,802**
Cash dividends declared by the Parent Company	**-**	**-**	**-**	**-**	**-**	**-**	**(504,815,000)**	**(504,815,000)**	**-**	**(504,815,000)**
Redemption of Preferred Shares	**(50,000,000)**	**-**	**(4,950,000,000)**	**-**	**-**	**-**	**-**	**(5,000,000,000)**	**-**	**(5,000,000,000)**
Non-controlling interest							**-**	**-**	**72,612,918**	**72,612,918**
Treasury Shares		**-**	**-**	**-**	**-**	**-**		**-**		**-**
Other Comprehensive Income	**-**	**-**		**1,721,772**	**75,462,180**	**77,183,952**	**-**	**77,183,952**	**-**	**77,183,952**
Net profit for the year	**-**	**-**	**-**	**-**		**-**	**7,635,444,219**	**7,635,444,219**	**17,899,080**	**7,653,343,299**
Balance at December 31, 2022	**5,554,990,720**	**(1,806,540,154)**	**7,956,748,668**	**1,094,965**	**940,535,083**	**941,630,048**	**35,920,105,691**	**48,566,934,973**	**90,511,998**	**48,657,446,971**

	For the year ended December 31, 2021								
	Capital Stock	Treasury Shares	Capital	Post-employment	Investment Securities	Equity Reserve		Retained Earnings	
	(see Note 19)	(see Note 19)	(see Note 19)	(see Note 25)	(see Note 10)		Subtotal	(see Notes 2 and 19)	Total Equity
Balances at January 1, 2021	5,567,990,720.00	(1,806,540,154.00)	9,303,641,204.00	(6,798,117.33)	800,559,036.00	-	793,760,918.67	23,182,957,408.90	37,041,810,098
Cash dividends declared by the Parent Company							-	(1,608,413,144)	(1,608,413,144)
Issuance of Preferred Shares	37,000,000.00		3,603,107,464.00				-		3,640,107,464
Treasury Shares							-		-
Other Comprehensive Income				6,171,310.00	64,513,867.00		70,685,177.00		70,685,177.00
Net profit for the year							-	7,214,932,207	7,214,932,208
Balance at December 31, 2021	5,604,990,720	(1,806,540,154)	12,906,748,668	(626,807)	865,072,903	-	864,446,096	28,789,476,472	46,359,121,802

For three months ended March 31, 2022

	Capital Stock	Treasury Shares	Capital	Post-employment	Investment Securities	Equity Reserve	Subtotal	Retained Earnings	Total
Balance at January 1, 2022	5,604,990,720	(1,806,540,154)	12,906,748,668	(626,807)	865,072,903		864,446,096	28,789,476,472	**46,359,121,802**
Cash dividends declared by the Parent Company							-	(126,249,125)	**(126,249,125)**
Issuance of preferred shares							-		**-**
Treasury Shares							-		**-**
Other Comprehensive Income							-		**-**
Comprehensive income for the year							-	1,931,443,171	**1,931,443,171**
Balance at March 31, 2022	**5,604,990,720**	**(1,806,540,154)**	**12,906,748,668**	**(626,807)**	**865,072,903**	**-**	**864,446,096**	**30,594,670,518**	**48,164,315,848**

8990 HOLDINGS, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Cash Flows (in Philippine Peso)

	For three months ended March 31		For years ended December 31	
	2023	2022	2022	2021
	Unaudited	Unaudited	Audited	Audited
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**1,970,670,078**	1,994,652,740	8,439,414,260	7,663,956,531
Adjustments for:				
Interest income	**(839,468,293)**	(607,752,857)	(1,811,254,938)	(1,296,434,917)
Interest costs	**805,013,670**	526,262,214	1,909,513,201	1,671,222,849
Losses from assets written-off	**-**	-		
Provision for credit and impairment losses	**-**	-	413,300,244	379,690,694
Depreciation and amortization	**22,089,848**	18,692,665	106,202,854	96,794,315
Gain on acquisition of business			(66,026,947)	
Loss on early redemption of bonds			6,592,275	
Amortization of bond issue costs	**-**	231,277	658,476	1,156,954
Provision for inventory write-down	**-**	-		
Loss (gain) on repossession	**(53,189,428)**	44,214,416	(520,391,151)	(121,459,771)
Gain on sale of AFS				
Gain on sale of property and equipment	**-**	-		
Equity in net earnings of associate	**(20,216,173)**	90,923,312	(67,950,366)	(13,214,510)
Unrealized foreign exchange loss	**-**	-		
Retirement expense	**-**	-	2,648,376	3,465,015
Loss on sale of a subsidiary	**-**	-		
Gain on sale of unquoted debt security classified as loans	**-**	-		
Operating income before changes in working capital	**1,884,899,703**	**2,067,223,767**	**8,412,706,285**	8,385,177,160
Changes in operating assets and liabilities				
Decrease (increase) in:				
Trade and other receivables	**(3,529,318,900)**	(3,136,521,005)	(7,852,911,968)	(7,701,615,560)
Inventories	**(1,239,159,440)**	(159,805,967)	(4,481,977,797)	(1,771,341,943)
Other assets	**(400,660,197)**	(37,021,619)	(127,707,148)	(1,101,649,829)
Increase (decrease) in:				
Trade and other payables	**1,942,015,911**	1,097,881,697	(222,185,551)	3,780,022,658
Deposits from customers	**1,075,002,292**	573,320,666	193,420,418	16,954,715
Net cash provided by (used in) operations	**(267,220,631)**	**405,077,539**	**(4,078,655,762)**	1,607,547,202
Interest received	**839,468,293**	607,752,857	1,747,742,388	1,232,922,366
Income tax paid	**(68,145,351)**	(78,423,699)	(775,873,643)	(473,101,985)
Net cash from (used in) operating activities	**504,102,310**	**934,406,696**	**(3,106,787,018)**	2,367,367,582
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash advances to related parties			(900,335,484)	
Loans granted to a third party				
Collections of advances to related parties			35,342	129,262,088
Interest received from loans to a third party			59,874,503	59,000,495
Acquisition of a new subsidiary			(88,275,504)	
Cash advances granted to/collected from related parties				(307,115,403)
Loans granted to a third party				
Interest received from loans to a third party				
Acquisitions of:				
Property and equipment	**(13,174,517)**	(23,340,790)	(159,505,120)	(69,820,197)
Investment in associates			(60,000,000)	(80,000,000)
Investment properties	**-**	(0)		(16,360)
Net cash used in investing activities	**(13,174,515)**	52,121,391	**(1,148,206,263)**	(268,689,376)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of cash dividends	**-**	213,200,403	(504,815,000)	(1,557,538,144)
Availment (retirement) of loans payable	**(151,816,323)**	(271,636,247)	12,110,177,715	(1,343,730,529)
Interest paid on loans and bonds	**(526,262,214)**	(526,262,214)	(1,670,883,669)	(1,426,393,988)
Cash advances from related parties			207,726,125	1,554,822
Availment (Repayment) of advances from related parties	**(469,362,390)**	(74,015,368)	(123,780)	(153,182,981)
Repayment of leasing liabilities			(15,781,559)	(13,094,103)
Issuance of corporate bonds			(599,882,750)	
Issuance of preferred shares	**-**	-	(5,000,000,000)	3,640,107,464
Payment of notes			(500,000,000)	(800,000,000)
Buyback of shares(treasury stocks)	**-**	-		
Net cash provided by (used in) financing activities	**(1,147,440,927)**	**(658,713,427)**	**4,026,417,082**	(1,652,277,459)
Effect of changes in foreign exchange rates on hand and in banks	**-**	-		
Net increase (decrease) in cash on hand and in banks	**(656,513,132)**	**327,814,660**	**(228,576,199)**	446,400,747
Cash and Cash Equivalents of Newly Acquired Subsidiary			55,071,183	
Cash Balance at the beginning of the year	**1,482,231,058**	1,655,736,074	1,655,736,074	1,209,335,327
Cash Balance at the end of the year	**825,717,926**	**1,983,550,734**	**1,482,231,058**	**1,655,736,074**

(see notes to unaudited consolidated financial statements)

8990 HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying unaudited financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2022.

The preparation of the financial statements in compliance with Philippine Financial Reporting Standards (PFRS) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying reports. The estimates and assumptions used on the accompanying unaudited financial statements are based upon management's evaluation of relevant facts and circumstances which are used as indicators affecting the results as of the date of the unaudited financial statements. Actual results could differ from such estimates.

The accompanying unaudited financial statements have been prepared on a historical cost basis. Further, this has been presented in Philippine peso, the functional currency of 8990 Holdings, Inc. All values are rounded to the nearest peso except when otherwise indicated.

2. Basis of Consolidation

The unaudited consolidated financial statements include the financial statements of the Parent Company and the following wholly owned subsidiaries:

- 8990 Housing Development Corporation
- Fog Horn, Inc.
- 8990 Luzon Housing Development Corporation
- 8990 Davao Housing Development Corporation
- 8990 Mindanao Housing Development Corporation
- 8990 Leisure and Resorts Corporation

Also included in the consolidation are the financial statements of the wholly owned subsidiaries of 8990 Housing Development Corporation as follows:

- Euson Realty and Development Corporation
- Tondo Holdings Corporation
- Primex Land, Inc.
- 8990 Coastal Estates, Inc.
- 8990 Monterrazas Corporation (formerly Genvi Development Corporation)

Control is achieved when the Parent Company is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has:

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

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

- The contractual arrangement with the other voting shareholders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, expenses and other comprehensive income (OCI) of a subsidiary are included in the financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The consolidated financial statements are prepared for the same reporting period as the Parent Company's financial statements, using consistent accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Parent Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for within equity. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Parent Company.

When a change in ownership interest in a subsidiary occurs which results in a loss of control over the subsidiary, the Parent Company:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

When there are business combinations in which all the combining entities within the Group are ultimately controlled by the same ultimate parent (i.e. controlling shareholders) before and after the business combination and the control is not transitory (business combinations under common control), the Group accounts for such business combinations similar to a pooling of interests. The assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values in the stand-alone financial statements of the investee companies. The difference in the amount recognized and the fair value of the consideration given is accounted for as an equity transaction, i.e., as either a contribution or distribution of equity. Further, when a subsidiary is disposed in a common control transaction without loss of control, the difference in the amount recognized and the fair value consideration received, is also accounted for as an equity transaction.

The Group recorded the above difference as Equity Reserve and is presented as a separate component of equity in the consolidated statement of financial position. Comparatives shall be restated to include balances and transactions as if the entities had been acquired at the beginning of the earliest period presented in the consolidated financial statements, regardless of the actual date of combination.

The Group consolidated the assets, liabilities, income and expenses of the Parent Company starting May 2012, which was the date when the controlling shareholders acquired or gained control over the Parent Company.

3. Segment Information

For management's purposes, the Group's operating segments are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has four reportable operating segments as follows:

Low-cost mas Mass Housing
This segment pertains to the housing market segment of the Group. It caters to the development and sale of residential lots and units.

Medium-rise Condominium Units
This segment pertains to the medium-rise condominium segment of the Group. It caters to the development and sale of condominium units.

High-rise Condominium Units
This segment pertains to the high-rise condominium segment of the Group. It caters to the development and sale of condominium units with more than four (4) storeys.

Hotel Operations
This segment pertains to the activities from hotel operations, which are considered incidental revenues while the Group has not yet sold all of the timeshares of its vacation hotel, Azalea Baguio Residences.

The hotel operation's peak season is during the holiday and summer seasons. For other supplementary businesses, there is no significant seasonality that would materially affect their operations. This information is provided to allow for a proper appreciation of the results of the Company's operations.

The Group has only one geographical business segment as all the assets and liabilities are located in the Philippines. The Group derives all of its revenues from domestic operations. Thus, geographical business segment information is not presented. No operating segments have been aggregated to form the above operating business segments.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment operating income or loss. The presentation and classification of segment revenues and expenses are consistent with the consolidated statements of comprehensive income. This segment information is presented monthly to the Parent Company' BOD who is the Chief Operating Decision Maker. Finance income consists on interest earned from installment contract receivables and deposits in banks.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the statement of financial position which is in accordance with PFRS. Capital expenditures represent acquisitions of ‘Property and equipment’, and ‘Investment properties’. The Group has no significant customer which contributes 10% or more of their segment revenue.

4. Cash on Hand and in Banks

This account consists of:

	31-Mar		31-Dec	
	2023	**2022**	2022	2021
	Unaudited	**Unaudited**	Audited	Audited
Cash on hand	**57,064,335**	**34,531,447**	51,869,866	33,736,447
Cash in banks	**768,581,998**	**1,918,875,938**	1,430,289,598	1,591,856,278
Short-term placements	**71,593**	**30,143,349**	71,593	30,143,349
	825,717,925	**1,983,550,734**	1,482,231,058	1,655,736,073

5. Trade and Other Receivables

This account consists of:

	31-Mar		31-Dec	
	2023	**2022**	2022	2021
	Unaudited	**Unaudited**	Audited	Audited
Current:				
Trade Receivables				
Installment contract receivables	**1,545,006,387**	**684,656,820**	1,801,284,956	1,006,619,166
Finance lease receivables	**167,973,405**	**215,595,866**	187,443,805	216,761,058
Advances to external marketing managers	**60,856,698**	**60,856,698**	60,856,698	60,856,698
Retention Receivables	**2,248,260,933**	**1,850,493,557**	2,212,824,836	1,684,683,308
Receivables from employees	**1,104,324,267**	**1,519,646,668**	924,631,541	1,037,406,161
Contract Assets	**74,030,402**	**102,421,138**	74,030,402	102,421,138
Loans Receivables	**396,953,439**		396,953,440	
Other Receivables	**1,048,198,375**	**1,330,330,049**	1,024,949,321	966,263,620
	6,645,603,908	**5,764,000,797**	**6,682,975,000**	**5,075,011,148**
Less: Allowance for impairment losses	**829,869,492**	**723,690,989**	**814,238,478**	**723,690,989**
	5,815,734,416	**5,040,309,808**	**5,868,736,522**	**4,351,320,159**
Non-current:				
Trade Receivables				
Installment contract receivables	**40,922,923,600**	**31,885,181,168**	37,340,371,318	30,783,312,161
Finance lease receivables	694,780,674	**737,772,973**	694,780,674	741,760,281
Loans Receivables		**396,953,440**		396,953,440
	41,617,704,275	**33,019,907,581**	**38,035,151,992**	**31,922,025,882**
	47,433,438,690	**38,060,217,388**	**43,903,888,514**	**36,273,346,041**

Eighty eight percent (88%) of total receivables of the Company are on long-term basis. Current portion of installment contract receivables stands at PhP1,545.01 million which pertains to portion of receivables from buyers due within one (1) year.

6. Inventories

This account consists of:

	31-Mar		31-Dec	
	2023 Unaudited	**2022 Unaudited**	2022 Audited	2021 Audited
Real estate inventories				
Low-cost mass housing	**17,159,146,128**	**14,607,872,467**	16,697,285,401	14,552,111,117
Medium-rise condominium units	**2,287,888,542**	**2,020,320,434**	2,226,307,048	2,012,608,442
High-rise condominium units	**23,311,124,403**	**20,595,550,221**	22,683,675,183	20,516,932,634
Developed subdivision lots	**5,255,455,837**	**4,640,831,326**	5,113,998,411	4,623,116,288
	48,013,614,910	**40,001,993,795**	46,721,266,042	41,704,768,481

7. Investment Securities at FVOCI

The amount is composed of unquoted equity securities in the following investee entities:

	31-Mar	
	2023 Unaudited	**2022 Unaudited**
ALRC	**1,323,409,527**	**1,247,947,347**
ARVI	**28,112,000**	**28,112,000**
Pico de Loro	**633,500**	**633,500**
	1,352,155,027	**1,276,692,847**

Investment securities at FVOCI of the Group represent investments in preferred shares of ALRC and Azalea Resort and Vacation Club, Inc. (ARVI), and shares of stock of Pico de Loro Beach and Country Club (Pico de Loro).

ALRC's primary purpose is to operate, maintain and/or manage a membership club. ALRC's preferred shares represent membership rights to the club including the right to use a specific unit of the building acquired from the Group and other facilities/amenities for one day per calendar year.

8. Other Assets

This account consists of:

	31-Mar		31-Dec	
	2023	2022	2022	2021
	Unaudited	**Unaudited**	Audited	Audited
Current				
Advances to contractors	**3,450,755,632**	**3,285,873,246**	3,415,256,484	3,387,450,908
Advances to brokers	**140,785,456**	**90,377,294**	134,566,370	68,831,826
Input tax	**1,055,556,357**	**818,152,272**	885,302,486	671,153,435
Advances to landowners	**157,974,773**	**157,974,773**	157,974,773	157,974,773
Creditable withholding tax	**788,723,364**	**678,358,234**	689,844,241	695,819,231
Prepaid expenses	**327,704,457**	**156,425,225**	266,613,339	168,033,183
Others	**69,193,911**	**80,386,960**	50,686,464	92,654,667
	5,990,693,950	**5,267,548,004**	**5,600,244,158**	5,241,918,024
Less: Allowance for impairment losses	67,963,009	**66,704,609**	67,963,009	66,704,609
	5,922,730,941	**5,200,843,395**	**5,532,281,150**	5,175,213,415
Non-current				
Deposits	**209,566,646**	**194,035,333**	204,495,456	189,279,842
Goodwill	**526,474,833**	**526,474,833**	526,474,833	526,474,833
Software cost	**-**	**58,250,024**	-	58,250,024
Investment in joint operations	**192,543,115**	**178,504,384**	190,181,631	175,525,350
Right-of-use assets net	**31,047,631**	**27,439,882**	28,616,672	23,782,767
Others	**5,225,000**	**5,225,000**	5,225,000	5,225,000
	964,857,225	**989,929,455**	**954,993,593**	978,537,816
Less: Allowance for impairment losses	**2,511,974**	**2,511,974**	2,511,974	2,511,974
	962,345,251	**987,417,481**	**952,481,619**	976,025,842
	6,885,076,193	**6,188,260,876**	**6,484,762,768**	6,151,239,257

9. Property and Equipment

This account consists of:

	Land	Building	Land Improvements	Leasehold Improvements	Furnitures and Fixtures	Machineries and Equipment	Transportation Vehicles	Software and Licenses	Construction in Progress	Low Value Asset	Total
	31-Mar-23 Unaudited										
Cost											
Balances at beginning of year	107,405,010	613,941,700	11,230,076	34,696,217	166,025,594	135,357,509	196,823,647	84,801,485	56,491,347	2,826,201	1,409,598,786
Additions	-	-	-	-	2,927,129	98,214	8,772,473	481,862	624,918	269,921	13,174,517
Transfers/Disposals	-										-
Balances at end of year	**107,405,010**	**613,941,700**	**11,230,076**	**34,696,217**	**168,952,724**	**135,455,723**	**205,596,120**	**85,283,347**	**57,116,265**	**3,096,122**	**1,422,773,303**
Accumulated Depreciation and Amortization				-							
Balances at beginning of year	-	151,991,968	10,530,647	30,605,422	123,880,254	104,163,489	149,452,553	21,735,498	-	2,223,599	594,583,431
Depreciation and Amortization	-	7,730,040	7,714	659,440	3,740,914	2,194,185	1,843,214	3,583,868	-	686,897	20,446,271
Transfers/Disposals	-								-	-	-
Balances at end of year	-	159,722,007	10,538,362	31,264,862	127,621,168	106,357,674	151,295,767	25,319,366	-	2,910,495	615,029,702
Accumulated Impairment Losses			-								
Balances at beginning of year	8,970,000	-	-	-	-	-	-	-	-	-	8,970,000
Provision for impairment loss	-	-	-	-	-	-	-		-	-	-
Balances at end of year	8,970,000	-	-	-	-	-	-		-	-	8,970,000
Net Book Value	**98,435,010**	**454,219,693**	**691,714**	**3,431,355**	**41,331,556**	**29,098,049**	**54,300,353**	**59,963,981**	**57,116,265**	**185,626**	**798,773,601**

						31-Mar-22 Unaudited					
	Land	Building	Improvements	Improvements	Fixtures	Equipment	Vehicles	Software and Licenses	Progress	Asset	Total
Cost											
Balances at beginning of year	107,405,010	611,562,076	11,230,076	34,696,217	154,291,657	119,395,009	164,596,505	-	45,644,134	1,272,981	1,250,093,665
Additions	-	-	-	-	1,577,949	12,525,000	8,985,589	-	108,000	144,252	23,340,790
Transfers/Disposals	-										-
Balances at end of year	**107,405,010**	**611,562,076**	**11,230,076**	**34,696,217**	**155,869,606**	**131,920,009**	**173,582,095**	**-**	**45,752,134**	**1,417,233**	**1,273,434,456**
Accumulated Depreciation and Amortization				-							
Balances at beginning of year	-	121,520,361	10,458,647	27,106,275	114,111,959	95,830,148	138,774,497	-	-	1,061,530	508,863,418
Depreciation and Amortization	-	7,588,318	48,857	1,089,536	3,721,460	1,631,220	3,004,331	-	-	271,079	17,354,801
Transfers/Disposals	-								-	-	-
Balances at end of year	-	129,108,678	10,507,505	28,195,811	117,833,419	97,461,368	141,778,828	-	-	1,332,610	526,218,219
Accumulated Impairment Losses			-								
Balances at beginning of year	8,970,000	-	-	-	-	-	-	-	-	-	8,970,000
Provision for impairment loss	-	-	-	-	-	-	-		-	-	-
Balances at end of year	8,970,000	-	-	-	-	-	-		-	-	8,970,000
Net Book Value	**98,435,010**	**482,453,398**	**722,571**	**6,500,406**	**38,036,187**	**34,458,640**	**31,803,267**	**-**	**45,752,134**	**84,623**	**738,246,236**

					31-Dec-22 Audited						
	Land	Building	Land Improvements	Leasehold Improvements	Furnitures and Fixtures	Machineries and Equipment	Transportation Vehicles	Software and Licenses	Construction in Progress	Low Value Assets	Total
Cost											
Balances at beginning of year	107,405,010	611,562,076	11,230,076	34,696,217	154,291,657	119,395,009	164,596,505	-	45,644,134	1,272,981	1,250,093,665
Additions	-	2,379,624	-	-	11,733,937	15,962,500	32,227,141	84,801,485	10,847,213	1,553,221	159,505,120
Transfers/Disposals/Reclass	-									-	-
Balances at end of year	**107,405,010**	**613,941,700**	**11,230,076**	**34,696,217**	**166,025,594**	**135,357,509**	**196,823,647**	**84,801,485**	**56,491,347**	**2,826,201**	**1,409,598,786**
Accumulated Depreciation and Amortization				0							
Balances at beginning of year	-	121,520,361	10,458,647	27,106,275	114,111,959	95,830,148	138,774,497	-	-	1,061,530	508,863,418
Depreciation and Amortization	-	30,471,607	72,000	3,499,147	9,768,295	8,333,341	10,678,056	21,735,498	-	1,162,068	85,720,013
Transfers/Disposals/Reclass	-								-	-	-
Balances at end of year	-	151,991,968	10,530,647	30,605,422	123,880,254	104,163,489	149,452,553	21,735,498	-	2,223,599	594,583,431
Accumulated Impairment Losses											
Balances at beginning of year	8,970,000	-	-	-	-	-	-	-	-	-	8,970,000
Provision for impairment loss	-	-	-	-	-	-	-		-	-	-
Balances at end of year	8,970,000	-	-	-	-	-	-		-	-	8,970,000
Net Book Value	**98,435,010**	**461,949,732**	**699,428**	**4,090,795**	**42,145,340**	**31,194,019**	**47,371,093**	**63,065,987**	**56,491,347**	**602,602**	**806,045,355**

31-Dec-21

Audited

	Land	Building	Land Improvements	Leasehold Improvements	Furnitures and Fixtures	Machineries and Equipment	Transportation Vehicles	Construction in Progress	Low Value Assets	Total
Cost										
Balances at beginning of year	107,405,010	611,552,255	11,230,076	32,759,993	148,876,710	114,944,950	153,049,006	455,470	-	1,180,273,468
Additions	-	9,821	771,429	1,936,224	5,414,947	4,450,059	11,547,500	45,188,664	1,272,981	70,591,626
Transfers/Disposals/Reclass	-								-	-
Balances at end of year	**107,405,010**	**611,562,076**	**11,230,076**	**34,696,217**	**154,291,657**	**119,395,009**	**164,596,505**	**45,644,134**	**1,272,981**	**1,250,865,094**
Accumulated Depreciation and Amortization				0						
Balances at beginning of year	-	88,485,089	10,458,648	22,439,690	101,230,481	84,682,581	124,736,267	-	-	432,032,755
Depreciation and Amortization	-	33,035,272	(0)	4,666,585	12,881,478	11,147,568	14,038,231	-	1,061,530	76,830,663
Transfers/Disposals/Reclass	-							-	-	-
Balances at end of year	-	121,520,361	10,458,647	27,106,275	114,111,959	95,830,148	138,774,497	-	1,061,530	508,863,418
		121,520,361	10,458,647	27,106,275	114,111,959	95,830,148	138,774,497		1,061,530	507,801,888
Accumulated Impairment Losses										
Balances at beginning of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Provision for impairment loss	-	-	-	-	-	-	-	-	-	-
Balances at end of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Net Book Value	**98,435,010**	**490,041,716**	**771,428**	**7,589,942**	**40,179,698**	**23,564,860**	**25,822,008**	**45,644,134**	**211,450**	**732,260,247**

10. Investment Properties

This account consists of:

31-Mar-23 Unaudited	Land	Building	Land Improvements	Total
Cost				
Balances at beginning of year	254,184,748	8,832,630	120,220,209	**397,366,200**
Additions	-	-	-	**-**
Transfers/Reclassification to REI	-	-		**-**
Balances at end of year	254,184,748	8,832,630	120,220,209	**397,366,199**
Accumulated Depreciation and Amortization				
Balances at beginning of year	-	5,708,127	56,411,649	**62,119,776**
Depreciation and Amortization	-	110,408	1,417,673	**1,528,081**
Balances at end of year	-	5,818,535	57,829,321	**63,647,857**
Net Book Value	**254,184,748**	**3,014,095**	**62,390,888**	**319,589,729**

31-Mar-22 Unaudited	Land	Building	Land Improvements	Total
Cost				
Balances at beginning of year	268,313,360	8,832,630	120,220,209	397,349,840
Additions	0	-	0	0
Transfers/Reclassification to REI	-	-		-
Balances at end of year	268,313,360	8,832,630	120,220,209	397,349,839
Accumulated Depreciation and Amortization				
Balances at beginning of year	-	5,266,496	50,576,720	55,843,216
Depreciation and Amortization	-	110,408	1,458,731	1,569,139
Balances at end of year	-	5,376,903	52,035,451	57,412,355
Net Book Value	268,313,360	3,455,727	68,184,758	339,953,844

31-Dec-22 Audited	Land	Building	Land Improvements	Total
Cost				
Balances at beginning of year	268,313,360	8,832,630	120,220,209	**397,366,200**
Additions		-	-	**-**
Transfers/Reclassification to REI	(14,128,613)	-		**(14,128,613)**
Balances at end of year	254,184,748	8,832,630	120,220,209	**383,237,586**
Accumulated Depreciation and Amortization				
Balances at beginning of year	-	5,266,496	50,576,720	**55,843,216**
Depreciation and Amortization	-	441,631	5,834,928	**6,276,560**
Balances at end of year	-	5,708,127	56,411,649	**62,119,776**
Net Book Value	254,184,748	3,124,503	63,808,561	321,117,810

	31-Dec-21 Audited			
	Land	Building	Land Improvements	Total
Cost				
Balances at beginning of year	268,313,360	8,832,630	120,203,849	397,349,840
Additions	-	-	16,360	16,360
Transfers/Reclassification to REI		-		-
Balances at end of year	268,313,360	8,832,630	120,220,209	397,366,200
Accumulated Depreciation and Amortization				
Balances at beginning of year	-	4,824,864	44,563,006	49,387,870
Depreciation and Amortization	-	441,631	6,013,714	6,455,346
Balances at end of year	-	5,266,496	50,576,720	55,843,216
		5,266,496	50,576,720	
Net Book Value	268,313,360	3,566,134	69,643,489	341,522,984

11. Trade and Other Payables

This account consists of:

	31-Mar		31-Dec	
	2023 Unaudited	**2022 Unaudited**	2022 Audited	2021 Audited
Current				
Trade and accounts payables	**2,280,042,268**	**1,619,528,096**	1,199,088,346	682,023,802
Accrued expenses	**1,631,642,833**	**1,470,328,482**	2,405,677,805	2,317,792,081
Interest Payable	**232,898,624**	**247,588,485**	238,629,532	244,828,861
Retention payables	**1,073,924,284**	**969,405,317**	1,018,193,461	923,418,635
Withholding tax payables	**32,399,127**	**20,421,465**	17,962,773	87,652,152
Construction bonds	**99,129,180**	**89,937,764**	96,630,891	92,504,764
Net out put tax	**278,243,330**	**187,020,392**	18,887,249	140,677,113
Lease liabilities	**12,031,491**	**12,776,259**	11,951,066	10,624,614
Contract Liabilities	**1,553,279**	**1,553,279**		1,553,279
Deposits	**145,586,809**	**145,586,809**	145,586,809	145,586,809
Others	**5,245,546,060**	**5,424,177,460**	3,633,443,367	4,535,323,530
	11,032,997,285	**10,188,323,810**	**8,786,051,299**	**9,181,985,640**
Non-current				
Pension Liability	**15,239,026**	**14,176,306**	15,536,785	14,176,306
Contract Liabilities	**906,194,448**	**906,194,448**	906,194,448	906,194,448
Retention payables			-	-
Lease liabilities	**20,312,167**	**15,497,766**	16,883,037	13,694,540
	941,745,641	**935,868,520**	938,614,270	934,065,295
	11,974,742,926	**11,124,192,330**	9,724,665,569	10,116,050,934

12. Loans Payable

This account consists of:

	31-Mar		31-Dec	
	2023 **Unaudited**	**2022 Unaudited**	**2022** Audited	2021 Audited
Short-term loans payable	**19,459,430,761**	**17,690,461,888**	20,654,332,925	17,818,386,428
Long-term loans payable	**22,368,105,357**	**11,024,879,508**	21,325,019,516	12,050,788,298
	41,827,536,118	**30,140,810,972**	**41,979,352,441**	29,869,174,726

13. Deposits from Customers

This account represents downpayments made by the real estate buyers for the purchase of residential housing units and timeshares. Once the residential unit is ready for occupancy, delivered and accepted by the buyer, the amount is removed from the liability account and is classified as part of sales.

14. Revenue

This account consists of:

	Three Months Ended March 31		Years Ended December 31	
	2022	**2021**	2022	2021
	Unaudited	**Unaudited**	Audited	Audited
Real estate				
Low-cost mass housing	**1,920,782,967**	**2,177,300,471**	5,962,515,999	7,673,376,555
Medium-rise condominium units	**148,948,683**	**526,874,198**	2,959,242,663	2,477,874,471
High-rise condominium units	**2,967,389,657**	**2,349,604,643**	12,040,544,290	9,177,083,514
Developed subdivision lots	**233,064,314**	**144,144,343**	450,579,690	1,004,509,303
	5,270,185,620	**5,197,923,655**	**21,412,882,642**	**20,332,843,842**
Rental income	**28,800**	**773,436**	7,782,638	573,823
Equity share in net profits of ass(	**20,216,173**	**37,027,054**	67,950,366	13,214,510
	5,290,430,593	**5,235,724,145**	**21,488,615,646**	**20,346,632,175**
Hotel Operations	**46,658,302**	**16,555,433**	148,056,099	11,095,465
	5,337,088,895	**5,252,279,578**	**21,636,671,744**	**20,357,727,641**

15. Cost of Sales and Services

This account consists of:

	Three Months Ended March 31		Years Ended December 31	
	2023	**2022**	2022	2021
	Unaudited	**Unaudited**	Audited	Audited
Real estate				
Low-cost mass housing	**850,997,069**	**908,711,626**	2,529,495,159	3,194,306,032
Medium-rise condominium units	**95,286,909**	**403,963,591**	1,394,142,737	1,169,556,713
High-rise condominium units	**1,639,664,848**	**1,367,777,084**	6,762,145,267	5,255,452,773
Developed subdivision lots	**78,468,145**	**56,347,275**	141,914,935	424,742,995
	2,664,416,970	**2,736,799,576**	**10,827,698,098**	**10,044,058,513**
Cost of rental services	**-**	**-**	423,269	13,071
	2,664,416,969	**2,736,799,575**	**10,828,121,367**	**10,044,071,583**
Hotel operations				
Cost of hotel operations	**23,469,952**	**1,601,596**	75,472,950	9,743,084
	2,687,886,920	**2,738,401,170**	**10,903,594,316**	**10,053,814,667**

16. Operating Expenses

This account consists of:

	Three Months Ended March 31		Years Ended December 31	
	2023	**2022**	2022	2021
	Unaudited	**Unaudited**	Audited	Audited
Marketing and selling	**208,811,044**	**246,380,879**	790,234,194	770,950,091
Documentation	**114,351,809**	**125,317,332**	488,398,203	482,368,575
Taxes and licenses	**145,551,017**	**127,177,534**	517,422,853	286,735,397
Salaries and employee benefits	**54,849,434**	**52,878,199**	255,002,312	154,591,456
Depreciation and amortization	**22,321,125**	**18,923,942**	**109,660,981**	**96,794,315**
Security, messengerial and janitorial	**16,053,738**	**22,584,501**	88,847,144	82,301,684
Management and professional fees	**11,897,292**	**8,679,846**	**103,531,858**	**54,219,681**
Communication, light and water	**11,427,593**	**13,387,946**	61,347,104	57,721,521
Expected credit and impairment losses			413,300,244	379,690,694
Entertainment, amusement and representation	**18,460,608**	**4,931,446**	45,739,903	25,066,558
Repairs and maintenance	**18,387,846**	**13,977,590**	63,559,786	53,542,106
Supplies	**6,728,669**	**5,872,591**	29,443,101	21,932,512
Rent	**4,574,656**	**5,171,082**	15,938,599	2,752,663
Transportation and travel	**6,625,400**	**6,411,550**	28,015,908	14,533,355
Insurance	**3,566,616**	**5,664,374**	26,041,238	16,078,789
Subscription dues and fees	**2,846,425**	**2,611,603**	8,713,517	5,014,822
Miscellaneous	**35,837,770**	**51,282,048**	152,053,981	186,223,694
	682,291,040	**711,252,462**	3,197,250,923	2,690,517,914

17. Finance Costs

This account consists of:

	Three Months Ended March 31		Years Ended December 31	
	2023	**2022**	2022	2021
	Unaudited	**Unaudited**	Audited	Audited
Borrowings	**805,013,670**	**508,695,418**	1,874,255,207	1,591,229,270
Accretion	**28,672**	**-**	658,476	1,156,954
Bonds & Notes		**17,566,796**	36,859,947	79,993,579
Bank charges	**93,896**	**4,786**	464,656	127,018
Net interest expense on pension obligation			707,832	521,081
	805,136,238	**526,267,000**	1,912,946,118	1,673,027,902

18. Other Operating Income

This account consists of:

	Three Months Ended March 31		Years Ended December 31	
	2023	**2022**	2022	2021
	Unaudited	**Unaudited**	Audited	Audited
Interest Income from:				
Installment contract receivables	**839,259,411**	**607,400,007**	1,746,159,730	1,230,962,525
Cash in banks and long term investments	**208,882**	**352,850**	1,582,658	1,959,842
Loans Receivable	-	-	63,512,550	63,512,550
Reversal of credit loss			-	-
Penalties	**12,887,755**	**3,072,843**	16,064,940	29,749,830
Gain on repossession of inventories	**(53,189,428)**	**44,214,416**	520,391,151	121,459,771
Miscellaneous Income (Expense)	**9,728,763**	**63,253,680**	409,388,171	275,944,857
	808,895,383	**718,293,796**	2,757,099,200	1,723,589,375

19. Related Party Transactions

31-Mar-23
Unaudited

Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	**2,472,117,284**	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	parties	**247,613,607**	bearing, payable on	Unsecured

31-Mar-22
Unaudited

Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	**1,385,749,711**	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	parties	**64,540,990**	bearing, payable on	Unsecured

31-Dec-22
Audited

Related Party	Transaction	Account	Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	2,044,601,483	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	289,460,197	Non-interest bearing, payable on demand	Unsecured

31-Dec-21
Audited

Related Party	Transaction	Account	Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	1,329,051,204	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	81,857,852	Non-interest bearing, payable on demand	Unsecured

Item 2. Management Discussions and Analysis

<u>Financial Highlights and Key Performance Indicators</u>

Table below shows comparative consolidated balance sheet financial highlights of 8990 Holdings, Inc. for three months ended March 31, 2023 and 2022, both unaudited.

Consolidated Balance Sheet	**As of March 31, 2023 Unaudited**	**As of March 31, 2022 Unaudited**	**Increase Amount**	**%**
Total Assets	108,341,864,407	91,967,487,647	16,374,376,760	17.80%
Current Assets	63,049,915,476	55,475,028,096	7,574,887,380	13.65%
Trade Receivables	47,433,438,689	38,060,217,387	9,373,221,302	24.63%
Total Liabilities	57,792,788,161	43,803,171,798	13,989,616,363	31.94%
Current Liabilities	32,951,691,710	30,502,232,658	2,449,459,052	8.03%
Loans Payable	41,827,536,118	28,715,341,396	13,112,194,722	45.66%
Stockholder's Equity	50,452,429,882	48,164,315,848	2,288,114,034	4.75%

Table below shows comparative consolidated statement of income financial highlights of 8990 Holdings, Inc. for three months ended March 31, 2023 and 2022, both unaudited.

Consolidated Statements of Income	**As of March 31, 2023 Unaudited**	**As of March 31, 2022 Unaudited**	**Increase Amount**	**%**
Revenue	5,337,088,895	5,252,279,578	84,809,317	1.61%
Gross Income	2,649,201,975	2,513,878,408	135,323,567	5.38%
Operating Expenses	682,291,041	711,252,463	(28,961,422)	-4.07%
Net Operating Income	1,966,910,934	1,802,625,945	164,284,989	9.11%
EBITDA	2,798,127,442	2,539,843,683	258,283,760	10.17%
Net Income Before Tax	1,970,670,078	1,994,652,740	(23,982,662)	-1.20%
Net Income After Tax	1,891,425,426	1,931,443,171	(40,017,746)	-2.07%

Tables below show quarter one 2023 key performance indicators of the Company, with relevant comparative figures.

Key Performance Indicators	**As of March 31, 2023 Unaudited**	**As of March 31, 2022 Unaudited**
Current Ratio	1.91	1.82
Book Value Per Share	8.67	7.32
Debt to Equity Ratio	1.15	0.91
Net Debt to Equity Ratio	0.81	0.56
Asset to Equity Ratio	2.15	1.91
Asset to Debt Ratio	1.87	2.10
Interest Coverage Ratio	2.44	3.54

Key Performance Indicators	**As of March 31, 2023 Unaudited**	**As of March 31, 2022 Unaudited**
Gross Margin	49.64%	47.86%
EBITDA Margin	52.43%	48.36%
Net Income Margin	35.44%	36.77%
Earnings per share	0.35	0.36

Description of Consolidated Statements of Comprehensive Income Line Items

Revenue

8990 Holdings, Inc.'s (the Company) sales primarily comprise revenues received from its sales of low-cost mass housing units and subdivision lots, medium-rise and high-rise building housing units, as well as revenues derived from its rental and hotel operations.

Cost of Sales and Services

Cost of sales and services comprises of the Company's costs of sales from its low-cost mass housing sales of housing units and subdivision lots, costs of sales from sales of medium-rise condominium units, costs of sales from sales of high-rise condominium units, and costs of sales from rental and hotel operations.

Operating Expenses

Operating expenses generally include selling and administrative costs that are not directly attributable to the services rendered. Operating expenses of the Company comprise expenses related to marketing and selling, documentation, taxes and licenses, salaries and employment benefits, write-off of assets, provisions for impairment losses, management and professional fees, communication, light and water, provisions for probable losses, security, messengerial and janitorial services, depreciation and amortization, transportation and travel, repairs and maintenance, rent, entertainment, amusement and representation, supplies, provisions for write-down, subscription dues and fees and miscellaneous expenses (such as extraordinary documentation expenses, liquidation and donation expenses, as well as other expenses).

Finance Costs

Finance costs comprise costs associated with the Company's borrowings, accretion of interest, bank charges and net interest expense on its pension obligations.

Other Income

Other income comprises the Company's interest income from its installment contract receivables, cash in bank and long-term investments. Other income of the Company also comprises income from water supply, gain on repossession of delinquent units and associated penalties, rent income, collection service fees and other miscellaneous income (such as gain from sales cancellations, retrieval fees, association due and transfer fee). The Company also recorded other gains and losses such as a gain from the sale of unquoted debt security classified as loans, and other expenses such as a loss on the sale of a subsidiary.

Provision for Income Tax

Provision for income tax comprises the Company's provisions for regular and minimum corporate income taxes, final taxes to be paid as well as deferred income tax liabilities recognized.

Results of Operations

Three months ended March 31, 2023 compared to three months ended March 31, 2022

Revenue

For the three months ended March 31, 2023, the Company recorded consolidated revenue of PhP5,337.1 million, an increase of 2% from consolidated revenue of PhP5,252.3 million recorded for the three months ended March 31, 2022. The increase was mainly attributable to the increased sales in NCR, Bulacan and Davao.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the three months ended March 31, 2023 was PhP2,687.9 million, a decrease of 3% from consolidated cost of sales and services of PhP2,738.4 million recorded for the three months ended March 31, 2022. The decrease was mainly attributable to lower level of resale which normally carries higher cost of sales than fresh units.

Gross Income

The Company's consolidated gross income for the three months ended March 31, 2023 was PhP2,649.2 million, an increase from consolidated gross income of PhP2,513.9 million recorded for the three months ended March 31, 2022. The Company's gross income margin for the three months ended March 31, 2023 was 49.6%, compared to a gross income margin of 47.9% recorded for the three months ended March 31, 2022. The Company attributes its strong and maintained gross income margin to its sound internal financial planning policies with respect to land banking activities and project budgeting process.

Operating Expenses

For the three months ended March 31, 2023, the Company recorded consolidated operating expenses of PhP682.3 million, a decrease of 4% from consolidated operating expenses of PhP711.3 million recorded for the three months ended March 31, 2022.

Finance Costs

The Company's consolidated finance costs for the three months ended March 31, 2023 were PhP805.1 million, an increase from consolidated finance costs of PhP526.3 million recorded for the three months ended March 31, 2021. The increase was mainly attributable to increased level of loans as well as increased interest charged compared to same period last year.

Other Operating Income

For the three months ended March 31, 2023, the Company recorded consolidated other income of PhP808.9 million, a significant increase from the consolidated other income of PhP718.3 million recorded for the three months ended March 31, 2022. Interest income on the Company's installment contract receivables under its CTS In-house financing program contributes to the majority of the other income.

Income before Income Tax

The Company's consolidated income before income tax for the three months ended March 31, 2023 was PhP1,970.7 million, a slight decrease from consolidated income before income tax of PhP1,994.7 million recorded for the three months ended March 31, 2022.

Provision for Income Tax

The Company's consolidated provision for income tax for the three months ended March 31, 2023 was PhP79.2 million, an increase from consolidated provision for income tax of PhP63.2 million recorded for the three months ended March 31, 2022. The increase was mainly attributable to the Company's increased other income which are subject to income tax as well as sales from projects not accredited with Board of Investments for income tax holiday such as but not limited to Urban Deca Homes Manila and Urban Deca Homes Ortigas.

Net Income

As a result of the foregoing, the Company's consolidated net income for the three months ended March 31, 2023 was PhP1,891.4 million, a slight decrease from consolidated net income of PhP1,931.4 million recorded for the three months ended March 31, 2022. The Company's consolidated net income margin for the three months ended March 31, 2023 was 35.4%, compared to a consolidated net income margin of 36.8% for the three months ended March 31, 2022.

Financial Position

As at March 31, 2023 compared to as at March 31, 2022

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were PhP825.7 million as at March 31, 2023, a decrease from consolidated cash on hand and in banks of PhP1,983.6 million as at March 31, 2022. Decrease in cash is due to efficient management of cash levels for the period.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were PhP5,815.7 million as at March 31, 2023, an increase from consolidated current portion of trade and other receivables of PhP5,040.3 million as at March 31, 2022.

Inventories

The Company's consolidated inventories were PhP48,013.6 million as at March 31, 2023, an increase from consolidated inventories of PhP41,864.6 million as at March 31, 2022. The increase is due to increased inventory for high rise condominium projects.

Due from related parties

The Company's consolidated due from related parties were PhP2,472.1 million as at March 31, 2023, an increase from consolidated due from related parties of PhP1,385.7 million as at March 31, 2022.

Other current assets

The Company's consolidated other current assets were PhP5,922.7 million as at March 31, 2023, an increase from consolidated other current assets of PhP5,200.8 million as at March 31, 2022, primarily due to increased advances to contractors in relation to construction on the Company's development projects.

Trade and other receivables – net of current portion

The Company's consolidated trade and other receivables-net of current portion were PhP41,617.7 million as at March 31, 2023, an increase from consolidated trade and other receivables - net of current portion of PhP33,019.9 million as at March 31, 2022. The increase was due to additional sales which availed of CTS in-house financing scheme.

Property and equipment

The Company's consolidated property and equipment was PhP798.8 million as at March 31, 2023, an increase from consolidated property and equipment of PhP738.2 million as at March 31, 2022.

Investment properties

The Company's consolidated investment properties were PhP319.6 million as at March 31, 2022, a decrease from consolidated investment properties of PhP340.0 million as at March 31, 2022.

Other noncurrent assets

The Company's other noncurrent assets including goodwill were PhP962.3 million as at March 31, 2023, a decrease from other noncurrent assets of PhP987.4 million as at March 31, 2022.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were PhP11,033.0 million as at March 31, 2023, an increase from consolidated current portion of trade and other payables of PhP10,188.3 million as at March 31, 2022. The increase is mainly due to increased advances to contractors for downpayment of projects as well as increased accrued expenses for the accruals made in relation to recognition of sales.

Current portion of loans payable

The Company's consolidated current portion of loans payable were PhP19,459.4 million as at March 31, 2023, an increase from consolidated current portion of loans payable of PhP17,690.5 million as at March 31, 2022. The increase was due to increased short-term borrowing of the Company.

Deposits from customers

The Company's consolidated deposits from customers were PhP2,139.9 million as at March 31, 2023, an increase from consolidated deposits from customers of PhP1,638.2 million as at March 31, 2022. Increase were due to increased equity collections from Urban Deca Homes Ortigas, Urban Deca Homes Commonwealth, Urban Deca Homes Banilad, Deca Homes Pampanga and Urban Deca Tower Cubao projects.

Due to related parties

The Company's consolidated due to related parties were PhP247.6 million as at March 31, 2023, an increase from consolidated due to related parties of PhP64.5 million as at March 31, 2022.

Income tax payable

The Company's consolidated income tax payable was PhP71.7 million as at March 31, 2023, an increase from consolidated income tax payable of PhP45.4 million as at March 31, 2022.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables - net of current portion were PhP941.7 million as at March 31, 2023, an increase from consolidated trade and other payables - net of current portion of PhP935.9 million as at March 31, 2022. The increase is due to increased lease liabilities for the period.

Loans payable - net of current portion

The Company's consolidated loans payable - net of current portion was PhP22,368.1 million as at March 31, 2023, an increase from consolidated loans payable - net of current portion of PhP11,024.9 million as at March 31, 2022.

Deferred tax liability

The Company's consolidated deferred tax liability was PhP1,3531.2 million as at March 31, 2023, an increase from consolidated deferred tax liability of PhP1,122.6 million as at March 31, 2022. This deferred tax liability was attributable to uncollected revenue as most of the revenue recognition were under CTS in-house financing scheme.

Liquidity and Capital Resources

The Company mainly relies on the following sources of liquidity: [1] cash flow from operations, [2] cash generated from the sale or transfer of receivables to private financial institutions such as banks or to government housing related institutions such as the Home Development Mutual Fund ("PAG-IBIG"), and [3] financing lines provided by banks. The Company knows of no demands, commitments, events, or uncertainties that are reasonably likely to result in a material increase or decrease in liquidity. The Company is current on all of its loan accounts, and has not had any issues with banks to date. The Company does not anticipate having any cash flow or liquidity problems over the next twelve (12) months. The Company is not in breach or default on any loan or other form of indebtedness.

The Company expects to meet its operating assets and liabilities, capital expenditure, dividend payment and investment requirements for the next twelve (12) months primarily from its operating cash flows, borrowings and proceeds of the shares issuance. It may also from time to time seek other sources of funding, which may include debt or equity financings, depending on its financing needs and market conditions.

Cash Flows

Cash flow used in operating activities

The Company's consolidated net cash from operating activities is primarily affected by the revenues generated from its operations, primarily the sale of residential housing units, subdivision lots, medium rise and high-rise condominium units. The Company's consolidated net cash from operating activities were PhP504.1 million for the period ended March 31, 2023 and consolidated net cash from operating activities were PhP934.4 million for the period ended March 31, 2022.

Cash flows used in investing activities

Consolidated net cash flow used in investing activities for the period ended March 31, 2023 were PhP13.2 million, and consolidated net from investing activities for the period ended March 31, 2022 were PhP52.1 million.

For the three months ended March 31, 2023, consolidated net cash flow used in investing activities reflected acquisitions of property, plant and equipment, investment in shares, as well as loans granted to third party.

Cash flow provided by financing activities

Consolidated net cash flow used in financing activities for the period ended March 31, 2023 were PhP1,147.4 million, and consolidated net cash flow used in financing activities for the period ended March 31, 2022 were PhP658.7 million. Amounts used for financing activities are mainly for payment of bank borrowings.

PART II--OTHER INFORMATION

There is no material information to be reported by the Company aside from those reported in SEC 17C.

SIGNATURES

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

Issuer: 8990 Holdings, Inc.

By:

ROAN BUENAVENTURA-TORREGOZA
Chief Finance Officer

Date:

Annex "G"

MINUTES OF THE ANNUAL MEETING
OF THE STOCKHOLDERS OF
8990 HOLDINGS, INC.
Held via Remote Communication (Zoom Webinar)
On 25 July 2022, 2:00 p.m.

DIRECTORS AND OFFICERS PRESENT IN THE MEETING

Mariano D. Martinez, Jr.	-	Chairman
Luis N. Yu, Jr.	-	Chairman Emeritus and Director
Anthony Vincent Sotto	-	President and Chief Executive Officer
Richard L. Haosen	-	Director, Treasurer and Head of Treasury
Raul Fortunato R. Rocha	-	Director
Ian Norman E. Dato	-	Director
Lowell L. Yu	-	Director
Manuel S. Delfin, Jr.	-	Director
Dominic J. Picone	-	Director
Roan B. Torregoza	-	Director and Chief Finance Officer
Muhammad Haiqal Bin Mohd Ali	-	Director
Arlene C. Keh	-	Independent Director
Manuel C. Crisostomo	-	Independent Director
Anthony Vincent Sotto	-	Chief Operating Officer
Cristina S. Palma Gil-Fernandez	-	Corporate Secretary

SHARE INFORMATION

TOTAL ISSUED AND OUTSTANDING SHARES:	**5,391,399,020 common shares**
TOTAL NUMBER OF SHARES REPRESENTED IN THIS MEETING:	**4,815,181,631 common shares (89.31%)**

I. CALL TO ORDER

The Chairman of the Board, Mr. Mariano D. Martinez, Jr., called the meeting to order and presided over the same. The Corporate Secretary, Atty. Cristina S. Palma Gil-Fernandez, recorded the minutes of the meeting.

II. CERTIFICATION OF NOTICE AND QUORUM

Upon the request of the Chairman, the Corporate Secretary certified the following: (a) that notices of the meeting of the shareholders were published: (i) in print format of the Business Mirror and Philippine Daily Inquirer, and (ii) through a digital print copy also of the Business Mirror and Philippine Daily Inquirer on July 4 and 5, 2022; (b) that based on the Company's online registration system for this meeting, as of July 20, 2022, there are represented in the meeting, in person, through remote communication or in absentia or by proxy, shareholders owning 4,815,181,631 shares representing 87.89% percent of the total issued and outstanding capital stock of the Company; and (c) that the shareholders have been informed on the manner of voting for this meeting, details of which were provided in the Definitive Information Statement.

The Chairman also stated that more than a majority of the total outstanding voting stocks have cast their votes in favor of the specified agenda items, including the election of the 13 nominees to the Board of Directors. He added that the final tabulation of the actual votes cast in favor of each of the agenda items shall be reflected in the minutes of the stockholders' meeting and in the relevant disclosures to be filed by the Company with the Securities and Exchange Commission and the Philippine Stock Exchange, after the same shall have been reviewed and verified by the tabulators.

III. APPROVAL OF THE MINUTES OF THE LAST STOCKHOLDERS' MEETING

The stockholders, representing more than a majority of the entire outstanding voting stocks of the Company, voted to approve the minutes of the last stockholders' meeting held on 27 August 2021.

The breakdown of the votes cast on this matter was as follows:

For	Against	Abstain
4,815,181,631 common shares Representing 89.31% of the total outstanding voting shares	-	-

IV. PRESIDENT'S REPORT AND ANNUAL REPORT FOR 2021

The President and CEO, Atty. Anthony Vincent Sotto, presented the President's Report and Annual Report highlighting the Company's performance for the year 2021.

In sum, the Company's financial performance are as follows:

In million pesos	FY20	FY21
Gross Revenue	P14,233.5	P20,357.7
Income After Tax	4,831.9	7,214.9
Gross Margin	48%	51%
Net Margin	34%	36%

Afterwards, the Investor Relations Officer, Ma. Patricia Victoria Ilagan read out questions submitted by the stockholders as regards the President's Report and Annual Report, which were duly addressed by the Chairman and President. The first question pertained to the projects that the Company will launch in 2022. Atty. Sotto mentioned that there are two projects that will be launched, namely (1) a project comprising of four high-rise buildings in Commonwealth, Quezon City and (2) another project horizontal project in Pampanga. Once completed, each project is expected to generate around Php6 billion in revenues. The second question was about the buyers' priority in purchasing real estate under mass housing projects knowing that the pandemic is still ongoing and severe inflation is looming. Atty. Sotto responded that the costs for construction had increased, but the Company is vigilant with regard to the changes in the prices and will adjust the prices accordingly. He further noted that while prices will be adjusted due to the inflation, the Company's goal is still to make its prices more competitive and that buyers will still prefer owning homes rather than renting one.

Thereafter, the stockholders holding more than a majority of the outstanding voting stocks of the Company, voted in favor of adopting the President's Report and the Annual Report for the year ended December 31, 2021.

The breakdown of the votes cast on this matter was as follows:

For	Against	Abstain
4,815,181,631 common shares Representing 89.31% of the total outstanding voting shares	-	-

V. APPROVAL OF AUDITED FINANCIAL STATEMENTS

The stockholders holding more than a majority of the outstanding voting stocks of the Company, voted in favor of the approval of the Audited Financial Statements as of 31 December 2021.

The breakdown of the votes cast on this matter was as follows:

For	Against	Abstain
4,815,181,631 voting shares Representing 89.31% of the total outstanding voting shares	-	-

VI. RATIFICATION OF ACTS OF BOARD OF DIRECTORS AND MANAGEMENT FOR THE YEAR 2021

The stockholders, representing more than a majority of the entire outstanding voting stock of the Company, voted to approve and ratify all acts of the Board of Directors and Management of the Company for the year 2021, as set forth in the minutes of the meetings of the Board of Directors held during the same period and in the disclosures that have been duly filed with the Securities and Exchange Commission and the Philippine Stock Exchange.

Among the acts of the Board of Directors and Management which are for ratification, in addition to those disclosed in the audited financial statements, are the following:
a. All material resolutions adopted by the Board and duly reported by the Company to the SEC and PSE through the filing of SEC Form 17-C;
b. All other resolutions adopted by the Board in the ordinary course of business; and
c. All other acts executed by Management in the exercise of their functions in the regular and ordinary course of business of the Company.

The breakdown of the votes cast on this matter was as follows:

For	Against	Abstain
4,815,181,631 voting shares	-	-

Representing 89.31% of the total outstanding voting shares		

VII. ELECTION OF DIRECTORS

The following individuals have been nominated for election as directors of the Company for 2022:

Mariano D. Martinez, Jr.
Alexander Ace Sotto
Luis N. Yu, Jr.
Richard L. Haosen
Raul Fortunato R. Rocha
Ian Norman E. Dato
Lowell L. Yu
Manuel S. Delfin, Jr.
Dominic J. Picone
Muhammad Haiqal Bin Mohd Ali
Roan Buenaventura-Torregoza
Manuel C. Crisostomo (Independent Director)
Arlene C. Keh (Independent Director)

The Nomination Committee of the Board confirmed that all nominees possess all the qualifications and have none of the disqualifications to be elected as directors of the Company, and that Mr. Manuel C. Crisostomo and Ms. Arlene C. Keh meet all the requirements for election as independent directors of the Company.

The Nominations Committee has noted that Ms. Arlene C. Keh has been serving as the Company's Independent Director for nine (9) consecutive years since 2012. The committee proposes to retain Ms. Keh as independent director beyond the 9-year term limit, in light of, among others, the unique situation that the COVID-19 pandemic has brought on publicly listed companies, including the Company, particularly with respect to the limitations on movement and work arrangements. The Nominations Committee believes that Ms. Keh's retention as an Independent Director will best serve the interest of the Company and its shareholders given her experience, integrity, and probity.

The Chair, representing more than a majority of the issued and outstanding shares of the Company, and acting on the instructions given by the relevant holders of said shares, cast the votes attaching to the same shares, in favor of all the 13 nominees to the Board of Directors of the Company, in accordance with the instructions given in the relevant proxy forms.

Votes were cast in respect of the election of the directors as follows:

Nominee	For	Against	Abstain
Mariano D. Martinez	4,814,987,231 voting shares Representing 89.309% of the total outstanding voting shares	194,400 voting shares Representing 00.004% of the total outstanding voting shares	-
Alexander Vincent Sotto	4,815,181,631 voting shares Representing	-	-

	89.31% of the total outstanding voting shares		
Luis N. Yu, Jr.	4,810,603,731 voting shares Representing 89.227% of the total outstanding voting shares	4,577,900 voting shares Representing 00.0085% of the total outstanding voting shares	-
Richard L. Haosen	4,809,186,631 voting shares Representing 89.201% of the total outstanding voting shares	5,995,000 voting shares Representing 00.111% of the total outstanding voting shares	-
Raul Fortunato R. Rocha	4,809,131,531 voting shares Representing 89.282% of the total outstanding voting shares	6,050,100 voting shares Representing 00.03% of the total outstanding voting shares	-
Ian Norman E. Dato	4,809,186,631 voting shares Representing 89.201% of the total outstanding voting shares	5,995,000 voting shares Representing 00.111% of the total outstanding voting shares	-
Lowell L. Yu	4,809,186,631 voting shares Representing 89.201% of the total outstanding voting shares	5,995,000 voting shares Representing 00.111% of the total outstanding voting shares	-
Manuel S. Delfin, Jr.	4,809,186,631 voting shares Representing 89.201% of the total outstanding voting shares	5,995,000 voting shares Representing 00.111% of the total outstanding voting shares	-
Dominic J. Picone	4,813,570,131 voting shares Representing 89.282% of the total outstanding voting shares	1,611,500 voting shares Representing 89.282% of the total outstanding voting shares	-
Muhammad Haiqal Bin Mohd Ali	4,809,186,631 voting shares Representing 89.201% of the total outstanding voting shares	5,995,000 voting shares Representing 00.111% of the total outstanding	-

		voting shares	
Roan B. Torregoza	4,813,764,531 voting shares Representing 89.286% of the total outstanding voting shares	1,417,100 voting shares Representing 00.026% of the total outstanding voting shares	-
Manuel C. Crisostomo (Independent Director)	4,815,126,531 voting shares Representing 89.311% of the total outstanding voting shares	55,100 voting shares Representing 00.001% of the total outstanding voting shares	-
Arlene C. Keh (Independent Director)	4,810,548,631 voting shares Representing 89.226% of the total outstanding voting shares	4,633,000 voting shares Representing 00.086% of the total outstanding voting shares	-

The Chairman accordingly declared the foregoing individuals to have been duly elected as directors of the Company for the year 2022.

VIII. APPOINTMENT OF EXTERNAL AUDITORS

The approval of the stockholders was sought for the delegation of the appointment of the external auditors of the Company for the fiscal year 2022.

Considering that the Chair, representing more than a majority of the entire outstanding voting stock of the Corporation voted in favor of this matter, the appointment of Ramon F. Garcia & Company, CPAs (Crowe Philippines) as external auditors of the Company for the fiscal year 2022 is hereby approved.

The breakdown of the votes cast on this matter was as follows:

For	Against	Abstain
4,810,548,631 voting shares Representing 89.23% of the total outstanding voting shares	4,633,000 voting shares Representing 00.10% of the total outstanding voting shares	-

IX. ADJOURNMENT

There being no further business to transact, considering that more than a majority of the total outstanding capital stock present or represented and have voted in this meeting, all matters so far taken up by the stockholders during the Annual Shareholders' Meeting are hereby approved and carried, and the meeting was, adjourned.

CERTIFIED CORRECT:

CRISTINA S. PALMA GIL-FERNANDEZ
Corporate Secretary

ATTESTED BY:

MARIANO D. MARTINEZ, JR.
Chairman of the Board

8990 Holdings, Inc. – Director Attendance Report

There were a total of 16 regular and special Board meetings held by the Company in 2022. The minutes ofthese meetings are recorded. Furthermore, to the extent that disclosures are required, these meetings canbe confirmed through the disclosures made by the Company both in Current Reports filed by the Companywith the SEC and the disclosures made in the PSE Electronic Disclosure Generation Technology (EDGE) system.

The attendance of the Board in these meetings are as follows:

Name	No. of Meetings Held During the Year	No. of Meetings Attended
Mariano D. Martinez, Jr.	16	16
Luis N. Yu, Jr.	16	16
Manuel C. Crisostomo	16	16
Arlene C. Keh	16	16
Lowell L. Yu	16	16
Manuel S. Delfin	16	16
Richard L. Haosen	16	16
Ian Norman E. Dato	16	16
Raul Fortunato R. Rocha	16	16
Alexander Ace Sotto	16	16
Dominic J. Picone	15	15
Muhammad Haiqal Bin Mohd Ali	15	15

Annex "I"

COVER SHEET

C S 2 0 0 5 1 1 8 1 6

S.E.C. Registration Number

8 9 9 0 H O L D I N G S , I N C . A N D

S U B S I D I A R I E S

(Company's Full Name)

1 1 T H F L O O R , L I B E R T Y C E N T E R 1 0 4

H V D E L A C O S T A S A L C E D O V I L L A G E

M A K A T I C I T Y

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

JEFFREY S. CAPELO	**533-3915**
Contact Person/s	Company Telephone Number

1 2	**3 1**	**SEC Form 17-A December 31, 2022**	**0 7**	**2 5**
Month	Day	FORM TYPE	Month	Day
Calendar Year			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

43	**40**	**3**
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **8990 HOLDINGS, INC. and SUBSIDIARIES ("the Group")** is responsible for the preparation and fair presentation of consolidated financial statements, including the schedules attached therein, as of and for the years ended December 31, 2022, 2021 and 2020 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

RAMON F. GARCIA AND CO., CPAs is the independent auditors appointed by the stockholders, have audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Mariano D. Martinez Jr.
Chairman of the Board

Atty. Anthony Vincent S. Sotto
President/Chief Executive Officer

Richard L. Haosen
Treasurer

Roan Buenaventura-Torregoza
Chief Financial Officer

Subscribed and Sworn to before me this APR 2 0 2023 at PASIC City, affiant exhibiting to me his/her ID No. ________,

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Book No. 8
Series of 2023

ATTY. DARIAN KARL S. AQUINO
NOTARY PUBLIC FOR AND IN THE CITY OF PASIG
Appointment No. 28 (2022-2023), until 31 December 2023
IBP No. 257748; 2 Jan 23; Isabela
PTR No. 0112684; 4 Jan 23; Pasig City
MCLE Compliance No. VII-0016232, 14 April 2025
Roll No. 72050

Signed this day of: April 19, 2023

Ramon F. Garcia & Company, CPAs
30F Burgundy Corporate Tower,
Sen. Gil Puyat Ave., Makati City, 1200
Main +632 2 821 05 63
www.crowe.com/ph

SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

The Shareholders and Board of Directors
8990 Holdings, Inc. and Subsidiaries
11th Floor Liberty Center
104 H.V. Dela Costa, Salcedo Village
Makati City

We have examined the consolidated financial statements of **8990 Holdings, Inc. and Subsidiaries** (the Group) for the year ended December 31, 2022, on which we have rendered the attached report dated April 19, 2023.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that **8990 Holdings, Inc.** has a total number of 161 shareholders owning one hundred (100) or more shares each.

Very truly yours,

RAMON F. GARCIA & COMPANY, CPAs
By:

HONORATA L. PAGUIO
Partner
CPA Certificate No. 0078850
PTR No. 9573080, January 6, 2023, Makati City
TIN 105-540-683
BOA/PRC Accreditation No.0207 (April 9, 2023 to October 5, 2025)
Partner's BIR Accreditation No. 08-001759-003-2020 (March 13, 2023 to March 12, 2026)
Partner's SEC Accreditation No. 78850-SEC -Category A, Valid for audit of 2021 to 2025 financial statements
Firm's BIR Accreditation No. 08-001759-001-2020 (March 13, 2023 to March 12, 2026)
Firm's SEC Accreditation No. 0207- SEC Group A, Valid for audit of 2021 to 2025 financial statements)

April 19, 2023
Makati City

Ramon F. Garcia & Company CPAs
30F Burgundy Corporate Tower,
252 Sen. Gil Puyat Ave., Makati City
Telephone No. +632 8821 05 63
www.crowe.com/ph

INDEPENDENT AUDITORS' REPORT

The Shareholders and Board of Directors
8990 Holdings, Inc. and Subsidiaries
11th Floor Liberty Center
104 H.V. Dela Costa, Salcedo Village
Makati City

Opinion

We have audited the consolidated financial statements of **8990 Holdings, Inc. and Subsidiaries** (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of profit and loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2 of the consolidated financial statements which indicates that the consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission in response to the COVID-19 pandemic. The impact of the application of financial reporting reliefs on the 2022 consolidated financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audits of the consolidated financial statements of the current period. These matters were addressed in the context of our audits of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audits address the matter is provided in that context.

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

a. *Revenue Recognition for Real Estate Sales*

The Group's revenue recognition process, policies and procedures are significant to audit because these involve application of significant judgment and estimation.

We considered the Group's recognition of revenue from real estate sales a key audit matter due to the involved significant volume of transactions and amount of revenue from real estate sales. The Group's revenue from real estate sales amounted to Php 21.4 billion, which accounts for 98.97% of total revenues for the year ended December 31, 2022. The Group recognizes revenue from real estate sales at a point in time, i.e., as the control of the completed real estate inventories are transferred to the customers, and over time using the percentage of completion method, which is determined using the input method, i.e., based on efforts or inputs to the satisfaction of a performance obligation. Thus, the complexity of the application of the revenue recognition standard in real estate sales contracts; and the application of significant management judgments in determining when to recognize revenue, particularly on the assessment of the probability of collecting the contract price, and in estimating the stage of project completion were also taken into consideration. An error in the application of the requirements of said standard, and of management judgments and estimates could cause material misstatement in the Group's consolidated financial statements.

The Group's accounting policy on recognition of revenue from real estate sales, and basis of significant judgments and estimates are disclosed in Notes 2 and 3 to the consolidated financial statements, respectively. In addition, details of contract revenues, specifically the disaggregation of revenues, are disclosed in Note 21.

Audit Response

Our audit procedures to address the risk of material misstatement relating to revenue recognition included, among others, the following:

- obtained an understanding of the Group's revenue recognition policy and the related processes and evaluated whether it is established and implemented consistent with the underlying principles of the applicable revenue recognition standard and is appropriate in the context of the Group's real estate transactions;

- evaluated the design effectiveness of implemented controls relevant to the recognition and measurement of revenues from real estate sales, and tested the operating effectiveness of certain relevant controls, particularly those addressing the existence and occurrence of recognized sales;

- inspected pertinent documents giving rise to contract with identified customers, on a sample basis, which include contracts-to-sell, disclosure statements detailing the terms of the sales contracts, and official receipts to determine whether the related real estate sales transactions occurred and were appropriately recognized based on the Group's revenue recognition policy;

- For selected projects, we performed ocular inspection and obtained the related certifications from project engineers to assess the physical completion of the selected real estate projects to confirm that real estate sales recognized during the reporting period pertains to completed real estate inventories for those recognized in full at a point in time and the percentage of completion of certain projects commensurate with the amount of revenue recognized for those recognized over time.

- tested the progress reported for the year in reference to the actual cost incurred relative to the total budgeted project development costs for real estate sales recognized over time;

- evaluated the assumptions of management in determining the amount of collection at which point the collectability of the receivables from estate sales is reasonably assured. Evaluation of management's basis was made by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold.

- recalculated the percentage of collection over total contract price of selected sales contract, based on total accumulated principal payments as of the reporting date over the contract price to determine if the Group has appropriately established that the customers have continuing commitment to satisfy their obligations over the sales contract;

- performed substantive analytical procedures on revenues such as, but not limited to, yearly and monthly analyses of real estate sales per project, which include corroborating evidence from other audit procedures, and verifying that the underlying data used in the analyses are complete; and

- for the cost of sales, we obtained an understanding of the Group's cost accumulation process and performed tests of the relevant controls. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to supporting documents such as invoices and accomplishment reports from the contractors and official receipts.

b. *Existence and Valuation of Real Estate Inventories*

As at December 31, 2022, the Group has real estate inventories amounting to Php 46.7 billion, which represents about 45.21% of the Group's total assets. Due to the significant volume and carrying amount of real estate inventories and the high level of judgment in estimating its net realizable value, we considered the existence and valuation of real estate inventories as a key audit matter.

The Group's accounting policy on real estate inventories and related information are disclosed in Notes 2 and 9 to the consolidated financial statements.

Audit Response

We performed ocular inspection of selected real estate projects near the reporting date to confirm their existence and examined documents such as land titles, progress reports and accomplishment billings, among others, to corroborate with other audit procedures. Moreover, we checked the mathematical accuracy and reasonableness of the Group's schedule of lower of cost and net realizable value of real estate inventories, and tested on a sampling basis the estimated selling price and costs to complete and sell. We tested the assumptions used by management in estimating the selling price; the estimated cost to complete using recent projects of the Group and historical data on restoration costs, among others; and estimated cost to sell by analyzing selling expenses such as commissions and other related expenses.

As part of our audit strategy, we have obtained an understanding and tested the design and operating effectiveness of the Group's internal controls related to inventory existence valuation.

c. Consolidation Process

The consolidated financial statements of the Group represent the consolidation of the financial statements of 8990 Holdings, Inc, and its various subsidiaries with different business portfolios. Consolidation process is considered as key audit matter due to voluminous intercompany transactions within the Group that requires eliminations as well as monitoring of any adjustment made arising from business combination. Note 1 to the consolidated financial statements provides relevant information on the Group's subsidiaries.

Audit Response

We obtained an understanding of the consolidation process and relevant controls through which the consolidated financial statements are prepared. We also obtained an understanding of the Group's process for identifying related parties and related party transactions and the reconciliation of intercompany transactions and balances. We tested significant consolidation adjustments, including eliminations of intercompany transactions and balances, deferral and realization of intercompany profits, and other equity adjustments. We evaluated whether the accounting policies of the group has been consistently applied.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the years ended December 31, 2022 and 2021, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the years ended December 31, 2022 and 2021 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 audits of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audits of the consolidated financial statements resulting in this independent auditors' report is Honorata L. Paguio.

RAMON F. GARCIA & COMPANY, CPAs
By:

HONORATA L. PAGUIO
Partner
CPA Certificate No. 0078850
PTR No. 9573080, January 6, 2023, Makati City
TIN 105-540-683
BOA/PRC Accreditation No.0207 (April 9, 2023 to October 5, 2025)
Partner's BIR Accreditation No. 08-001759-003-2021 (March 13, 2023 to March 12, 2026)
Partner's SEC Accreditation No. 78850-SEC -Category A, Valid for audit of 2022 to 2025 financial statements
Firm's BIR Accreditation No. 08-001759-001-2021 (March 13, 2023 to March 12, 2026)
Firm's SEC Accreditation No. 0207- SEC Group A, Valid for audit of 2022 to 2025 financial statements)

April 19, 2023
Makati City

8990 HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022 and 2021
(Amounts in Philippine Pesos)

	Notes	**2022**	2021
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	**1,482,231,058**	1,655,736,073
Trade and other receivables, net	8	**5,868,736,522**	4,351,320,159
Inventories	9	**46,721,266,042**	41,704,768,481
Due from related parties	29	**2,044,601,483**	1,329,051,204
Other current assets	14	**5,532,281,150**	5,175,213,415
Total Current Assets		**61,649,116,255**	54,216,089,332
NON-CURRENT ASSETS			
Trade and other receivables - net	8	**38,035,151,992**	31,922,025,883
Investment securities at fair value through other comprehensive income	10	**1,352,155,027**	1,276,692,847
Investment in associate	11	**221,164,876**	93,214,510
Property and equipment, net	12	**806,045,355**	732,260,247
Investment properties, net	13	**321,117,811**	341,522,984
Goodwill	1, 14	**526,474,833**	526,474,833
Other noncurrent assets	14	**426,006,786**	449,551,009
Total Noncurrent Assets		**41,688,116,680**	35,341,742,313
TOTAL ASSETS		**103,337,232,935**	89,557,831,645
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	15	**8,786,051,299**	9,181,985,638
Loans payable	17	**20,654,332,925**	17,818,386,428
Notes payable	18	**-**	500,000,000
Bonds payable	19	**-**	375,019,694
Deposits from customers	16	**1,064,929,315**	875,858,780
Due to related parties	29	**289,460,197**	81,857,852
Income tax payable		**60,619,149**	50,421,831
Total Current Liabilities		**30,855,392,885**	28,883,530,223

NON-CURRENT LIABILITIES			
Trade and other payables - net	15	**938,614,270**	934,065,294
Loans payable	17	**21,325,019,516**	12,050,788,298
Bonds payable	19	**-**	217,612,305
Deferred tax liability	28	**1,560,759,293**	1,112,713,723
Total Noncurrent Liabilities		**23,824,393,079**	14,315,179,620
Total Liabilities		**54,679,785,964**	43,198,709,843
EQUITY	20		
Capital Stock		**5,554,990,720**	5,604,990,720
Additional paid-in capital		**7,956,748,668**	12,906,748,668
Treasury Shares		**(1,806,540,154)**	(1,806,540,154)
Revaluation reserve		**941,630,048**	864,446,096
Retained earnings		**35,920,105,691**	28,789,476,472
		48,566,934,973	46,359,121,802
Non-Controlling Interests		**90,511,998**	-
Total Equity		**48,657,446,971**	46,359,121,802
TOTAL LIABILITIES AND EQUITY		**103,337,232,935**	89,557,831,645

(The notes on pages 1 to 95 are an integral part of these consolidated financial statements)

8990 HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 and 2020
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
REVENUES	21			
Real estate sales		**21,412,882,642**	20,332,843,842	14,169,067,920
Hotel operations		**148,056,099**	11,095,465	56,374,445
Rental income		**7,782,638**	573,823	8,091,932
Equity share in net profits of associate		**67,950,366**	13,214,510	-
		21,636,671,745	20,357,727,640	14,233,534,297
COST OF SALES AND SERVICES	22			
Cost of real estate sales		**10,827,698,098**	10,044,058,513	7,366,587,310
Hotel Operations		**75,472,950**	9,743,084	43,007,933
Cost of rental services		**423,269**	13,071	882,600
		10,903,594,317	10,053,814,668	7,410,477,843
GROSS PROFIT		**10,733,077,428**	10,303,912,972	6,823,056,454
OPERATING EXPENSES	23	**3,197,250,922**	2,690,517,914	1,821,831,207
OTHER OPERATING INCOME, NET	25.1	**2,757,099,200**	1,723,589,375	1,637,320,731
FINANCE COSTS	24	**1,912,946,118**	1,673,027,902	1,692,081,125
OPERATING PROFIT		**8,379,979,588**	7,663,956,531	4,946,464,853
GAIN ON ACQUISITION OF BUSINESS	1	**66,026,947**		
OTHER EXPENSE	25.2	**(6,592,275)**	-	3,322,025
PROFIT BEFORE INCOME TAX		**8,439,414,260**	7,663,956,531	4,949,786,878
TAX EXPENSE	28	**786,070,961**	449,024,324	117,903,000
NET PROFIT		**7,653,343,299**	7,214,932,207	4,831,883,878
NET PROFIT ATTRIBUTABLE TO:				
Equity Holders of 8990 Holdings Inc.	20.1	**7,635,444,219**	7,214,932,207	4,831,883,878
Non-controlling Interests		**17,899,080**	-	-
		7,653,343,299	7,214,932,207	4,831,883,878
EARNINGS PER SHARE				
Attributable to equity holders of 8990 Holdings, Inc.				
Basic/Diluted	31	**1.31**	1.24	0.84

(The notes on pages 1 to 95 are an integral part of these consolidated financial statements)

8990 HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 and 2020
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
NET PROFIT		**7,653,343,299**	7,214,932,207	4,831,883,878
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Fair value gain (loss) on investment securities at fair value through other comprehensive income (FVOCI)	10	**75,462,180**	64,513,867	-
Actuarial gain (loss) on post-employment benefit plan	26	**1,995,729**	6,572,205	(1,117,554)
Income tax effect		**(273,957)**	(400,895)	-
		77,183,952	70,685,177	(1,117,554)
TOTAL COMPREHENSIVE INCOME		**7,730,527,251**	7,285,617,384	4,830,766,324
Total Comprehensive Income attributable to:				
Equity Holders of 8990 Holdings Inc.		**7,712,628,170**	7,285,617,384	4,830,766,324
Non-controlling Interests		**17,899,080**	-	-
		7,730,527,251	7,285,617,384	4,830,766,324

(The notes on pages 1 to 95 are an integral part of these consolidated financial statements)

8990 HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 and 2020
(Amounts in Philippine Pesos)

	Attributable to equity holders of 8990 Holdings, Inc.									
	Capital Stock (see Note 20)	Additional Paid in Capital (see Note 20)	Treasury Shares (see Note 20)	Actuarial Gain on Post-employment Benefit Plan (see Note 26)	Fair Value Gain on Investment Securities through FVOCI (see Note 10)	Revaluation Reserves Subtotal	Retained Earnings (see Note 20)	Total	Non-Controlling Interests (see Note 1.3)	Total Equity
Balances at January 1, 2022	5,604,990,720	12,906,748,668	(1,806,540,154)	(626,807)	865,072,903	864,446,096	28,789,476,472	46,359,121,802	-	46,359,121,802
Cash dividends declared by the Parent Company	-	-	-	-	-	-	(504,815,000)	(504,815,000)	-	(504,815,000)
Redemption of Preferred Shares	(50,000,000)	(4,950,000,000)	-	-	-	-	-	(5,000,000,000)	-	(5,000,000,000)
Non-controlling interest							-	-	72,612,918	72,612,918
Other Comprehensive Income	-	-	-	1,721,772	75,462,180	77,183,952	-	77,183,952	-	77,183,952
Net profit for the year	-	-	-	-	-	-	7,635,444,219	7,635,444,219	17,899,080	7,653,343,299
Balance at December 31, 2022	**5,554,990,720**	**7,956,748,668**	**(1,806,540,154)**	**1,094,965**	**940,535,083**	**941,630,048**	**35,920,105,691**	**48,566,934,973**	**90,511,998**	**48,657,446,971**
Balances at January 1, 2021	5,567,990,720	9,303,641,204	(1,806,540,154)	(6,798,117)	800,559,036	793,760,919	23,182,957,409	37,041,810,098	-	37,041,810,098
Cash dividends declared by the Parent Company	-	-	-	-	-	-	(1,608,413,144)	(1,608,413,144)	-	(1,608,413,144)
Issuance of Preferred Shares	37,000,000	3,603,107,464	-	-	-	-	-	3,640,107,464	-	3,640,107,464
Other Comprehensive Income	-	-	-	6,171,310	64,513,867	70,685,177	-	70,685,177	-	70,685,177
Net profit for the year	-	-	-	-	-	-	7,214,932,207	7,214,932,207	-	7,214,932,207
Balance at December 31, 2021	5,604,990,720	12,906,748,668	(1,806,540,154)	(626,807)	865,072,903	864,446,096	28,789,476,472	46,359,121,802	-	46,359,121,802
Balances at January 1, 2020	5,567,990,720	9,303,641,204	(1,266,523,478)	(5,680,563)	800,559,036	794,878,473	18,652,388,504	33,052,375,422	-	33,052,375,422
Cash dividends declared by the Parent Company	-	-	-	-	-	-	(301,314,973)	(301,314,973)	-	(301,314,973)
Treasury Shares	-	-	(540,016,676)	-	-	-	-	(540,016,676)	-	(540,016,676)
Other Comprehensive Income	-	-	-	(1,117,554)	-	(1,117,554)	-	(1,117,554)	-	(1,117,554)
Net profit for the year	-	-	-	-	-	-	4,831,883,878	4,831,883,878	-	4,831,883,878
Balance at December 31, 2020	5,567,990,720	9,303,641,204	(1,806,540,154)	(6,798,117)	800,559,036	793,760,919	23,182,957,409	37,041,810,098	-	37,041,810,098

(The notes on pages 1 to 95 are an integral part of these consolidated financial statements)

8990 HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 and 2020
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax		**8,439,414,260**	7,663,956,531	4,949,786,878
Adjustments for:				
Interest income	25	**(1,811,254,938)**	(1,296,434,917)	(850,832,875)
Interest expense	24	**1,909,513,201**	1,671,222,849	1,669,896,964
Allowance for (reversal of) credit and impairment losses, net	14, 23, 29	**413,300,244**	379,690,694	89,499,597
Depreciation and amortization	12, 13, 27	**106,202,854**	96,794,315	95,699,129
Gain on acquisition of business	1.3	**(66,026,947)**	-	-
Loss on early redemption of bonds	19, 32	**6,592,275**	-	-
Amortization of bond issue costs	19, 32	**658,476**	1,156,954	20,930,305
Loss (gain) on repossession - net	9,25	**(520,391,151)**	(121,459,771)	(228,979,046)
Equity in net earnings of associate	11	**(67,950,366)**	(13,214,510)	-
Gain on sale of investment securities at fair value through OCI	25	**-**	-	(3,322,025)
Post-employment benefits	26	**2,648,376**	3,465,015	4,046,601
Operating income before changes in working capital		**8,412,706,284**	8,385,177,160	5,746,725,528
Changes in operating assets and liabilities				
Decrease (increase) in:				
Trade and other receivables		**(7,852,911,968)**	(7,701,615,560)	(7,118,816,369)
Inventories		**(4,481,977,797)**	(1,771,341,943)	(2,537,062,584)
Other assets		**(127,707,148)**	(1,101,649,829)	255,015,711
Increase (decrease) in:				
Trade and other payables		**(222,185,551)**	3,780,022,658	(437,650,082)
Deposits from customers		**193,420,418**	16,954,715	185,211,321
Net cash provided by (used in) operations		**(4,078,655,762)**	1,607,547,201	(3,906,576,475)
Interest received		**1,747,742,388**	1,232,922,366	787,250,581
Taxes paid		**(775,873,643)**	(473,101,985)	(65,658,423)
Net cash from (used in) operating activities		**(3,106,787,017)**	2,367,367,582	(3,184,984,317)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of business	1	**(88,275,504)**	**-**	(410,000,000)
Cash advances to related parties	29	**(900,335,484)**	(307,115,403)	(226,611,554)
Collections of advances to related parties	29	**35,342**	129,262,088	28,516,700
Acquisitions of:				
Property and equipment	12	**(159,505,120)**	(69,820,197)	(31,066,008)
Investment properties	13	**-**	(16,360)	(734,746)
Investment in associates	11	**(60,000,000)**	(80,000,000)	-
Interest received from loans to a third party	8, 23	**59,874,503**	59,000,495	54,703,416
Proceeds from:				
Sale of Investment securities at fair value through OCI	10	**-**	-	4,456,599
Net cash used in investing activities		**(1,148,206,263)**	(268,689,377)	(580,735,593)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availment of loans payable	17, 32	**17,726,550,164**	18,728,439,481	16,547,170,700
Repayment of loans payable	17, 32	**(5,616,372,449)**	(20,072,170,010)	(3,298,658,495)
Repayment of leasing liabilities	27.4	**(15,781,559)**	(13,094,103)	(10,063,173)
Interest paid on loans, bonds and lease	14, 16, 18	**(1,670,883,669)**	(1,426,393,988)	(1,510,804,310)
Issuance (payment) of notes	18, 32	**(500,000,000)**	(800,000,000)	1,300,000,000
Payment of bonds	19, 32	**(599,882,750)**	-	(8,405,590,000)
Acquisition of treasury shares	20	**-**	-	(540,016,676)
Payment of cash dividends to equity holders of 8990 Holdings Inc.	20	**(504,815,000)**	(1,557,538,144)	(301,314,973)
Cash advances from related parties	32	**207,726,125**	1,554,822	151,382,487
Issuance/(Redemption) of preferred shares	20	**(5,000,000,000)**	3,640,107,464	-
Repayments of advances from related parties	32	**(123,780)**	(153,182,981)	(481,819)
Net cash provided by (used in) financing activities		**4,026,417,082**	(1,652,277,459)	3,931,623,741

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(228,576,198)**	446,400,746	165,903,831
Cash and Cash Equivalents of Newly Acquired Subsidiary	**55,071,183**	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,655,736,073**	1,209,335,327	1,043,431,496
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,482,231,058**	1,655,736,073	1,209,335,327

(The notes on pages 1 to 95 are an integral part of these consolidated financial statements)

8990 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Operations and Composition of the Group

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

The Parent Company is a holding company. It is presently engaged in various activities of an investment holding company without engaging in dealership in securities, or in brokerage business.

8990 Holdings is 39.21% owned by iHoldings, Inc., which is a holding company that was incorporated and domiciled in the Philippines.

The Parent Company and the following wholly-owned subsidiaries at the end of the reporting periods are referred to herein as the Group:

a) 8990 Housing Development Corporation (8990 HDC)
b) Euson Realty and Dev't. Corp. (ERDC)*
c) Tondo Holdings Corporation (THC)*
d) 8990 Coastal Estates, Inc (RLC)*
e) Primex Land, Inc. (PLI)*
f) Fog Horn, Inc. (FHI)
g) 8990 Luzon Housing Development Corporation (8990 LHDC)
h) 8990 Davao Housing Development Corporation (8990 DHDC)
i) Leisure and Resorts Corporation (8990 LRC)
j) 8990 Mindanao Housing Development Corporation (8990 MHDC)
k) 8990 Monterrazas Corporation formerly known as Genvi Development Corporation [Genvi (see Note 1.2)]*

**Wholly owned subsidiary of 8990 HDC*

The above subsidiaries are all incorporated and operating in the Philippines, and except for 8990 LRC and FHI, are engaged in real estate development. 8990 LRC is engaged in hotel and resorts business while FHI is engage both in both real estate development and hotels and resorts.

The Company has recently acquired a subsidiary with 68% of ownership of Piccadilly Premier Land Inc. The Company was incorporated and operating in the Philippines. The Company is also engaged in real estate development.

The Parent Company also obtained 20% of shares of Scheirman Construction Consolidated Incorporated (SCCI) making it as associate of the said company. SCCI was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 16, 2016. The Associate is primarily engaged in general building construction as contractor and builder of residential homes, commercial and industrial buildings, barracks, piers and other edifications needed and necessary in the ordinary course of business. Refer to Note 11.

The registered office address of the Parent Company is 11th Floor Liberty Center, 104 H.V. Dela Costa, Salcedo Village, Makati City. iHoldings, Inc.'s registered office address is Unit 1503, 15th Floor China Bank Corporate Center, Lot 2, Samar Loop corner Road 5, Cebu Business Park, Cebu City.

1.2 Acquisition of Genvi

On October 30, 2018, the Group, through HDC, entered into a Share Purchase Agreement with the previous stockholders of Genvi to acquire all its issued and outstanding shares for a total consideration of P2.3 billion. Pursuant to the agreement and actions taken by the parties such as takeover of the management, the Group assumed full control of Genvi, as a wholly owned subsidiary, on January 1, 2019, which is also the acquisition date. As the acquisition date coincides with the beginning of the Group's reporting period, the revenues and net profit earned by Genvi were recognized in full as part of the 2019 consolidated statement of profit or loss. In 2018, HDC has made an advance payment of P566.7 million for the acquisition and presented as part of Inventories account in the 2018 consolidated statement of financial position. In 2019, the Company further paid amounting to P1.36 billion and fully paid the consideration in 2020 amounting to P 410.0 million

The acquisition of Genvi is to strengthen the position of the Group in the real estate industry, particularly, in the southern region of the country. The acquisition includes real estate inventories, which are developed subdivision lots, amounting to P3.3 billion.

The fair values of the acquired identifiable assets and liabilities assumed as at the date of acquisition are presented below.

Consideration	
Cash	P 2,337,427,291
Recognized amounts of identifiable assets acquired:	
Real estate inventories	3,984,499,251
Other tangible assets	431,427,886
Liabilities	(2,604,974,679)
Net identifiable assets	1,810,952,458
Goodwill	**P 526,474,833**

The excess of acquisition costs over the fair value of net identifiable assets of Genvi amounting to P526.5 million is presented as Goodwill in the consolidated statement of financial position as of December 31, 2022 and 2021.

There were no specific acquisition related costs incurred or contingent consideration arrangements and indemnification assets arising from the business combination.

1.3 Acquisition of Picadilly Premier Land, Inc.

On March 15, 2022, the Parent Company entered into agreement with RDAK Land Inc, Acrissor Development Corporation and its existing stockholders into an investment agreement wherein Picadilly Premier Land Inc sold its 68% stake to the Parent making it a subsidiary.

The fair values of the acquired identifiable assets and liabilities assumed as at the date of acquisition are presented below.

Fair value of identifiable net assets	226,915,369
Fair value of non-controlling interest	72,612,918
Consideration transferred	88,275,504
Gain on Bargain Purchase	**66,026,947**

The business combinations resulted in a bargain purchase transaction because the fair value of assets acquired and liabilities assumed exceeded the total of the fair value of consideration paid and the fair value of non-controlling interest. The gain on bargain purchase is presented as a separate line item in the consolidated statement of profit or loss as "Gain on acquisition of business".

Since there is urgency of the sale to cater the upcoming payment of matured loans and liquidity issues, the price of acquiring the business is at a discounted rate. There were no specific acquisition related costs incurred or contingent consideration arrangements and indemnification assets arising from the business combination.

1.4 Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as of and for the year ended December 31, 2022 (including the comparative consolidated financial statements as of and for the years ended December 31, 2021 and 2020) were authorized for issue by the Parent Company's Board of Directors (BOD) on April 19, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized in the succeeding page. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) *Basis of Preparation*

The consolidated financial statements are prepared using the historical cost basis, except for financial assets at financial assets at fair value through other comprehensive income (FVOCI).

The consolidated financial statements provide comparative information in respect of the previous period. The accompanying consolidated financial statements have been prepared under the going concern assumption. The Group believes that its businesses would remain relevant despite challenges posed by the COVID-19 pandemic.

(b) *Statement of Compliance with Philippine Financial Reporting Standards*

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting relief on the accounting for significant financing components as issued and approved by the SEC in response to the COVID-19 pandemic.

These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers,* affecting the real estate industry:

- Deferral of the following provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry

    a. Assessing if the transaction price includes a significant financing component discussed in Philippine Interpretations Committee (PIC) Questions and Answers (Q&A) No. 2018-12-D;
    b. Treatment of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 20180-12-E; and;
    c. Application of International Reporting Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs)

The consolidated financial statements also include the availment of relief under SEC MC No.4-2020 to defer the adoption of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods under PAS 23, *Borrowing Cost* (the IFRIC Agenda Decision on Borrowing Cost) until December 31, 2020.

In December 2020, the SEC issued MC No. 34-2020, allowing further deferral of the adoption of provisions (a) and (b) above PIC Q&A 2018-12 and the IFRIC Agenda Decision on Borrowing Cost, for another three (3) years or until December 31, 2023. The details of and the impact of the adoption of the above financial reporting reliefs are discussed in the section under Changes in Accounting Policies and Disclosures and Significant Accounting Policies.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC).

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(c) *Presentation of Consolidated Financial Statements*

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents the consolidated statement of comprehensive income separate from the consolidated statement of profit or loss.

The Group presents a third statement of consolidated financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required but opted by the Group to be disclosed for certain accounts.

(d) *Functional and Presentation Currency*

These consolidated financial statements are presented in Philippine peso, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year except for the changes in accounting policies as explained below. The Group has adopted the following new standard, amendments to standard and interpretation starting January 1, 2022 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these new and amended standards and interpretation did not have any significant impact on the Group's financial statements:

- Amendments to PFRS 16, COVID-19-related Rent Concessions beyond June 30, 2021

  On May 28, 2020, the Board issued COVID-19-Related Rent Concessions - Amendment to PFRS 16, Leases. The amendments provide relief to lessees from applying PFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under PFRS 16, if the change were not a lease modification.

The amendment was intended to apply until June 30, 2021, but as the impact of the COVID-19 pandemic is continuing, on March 31, 2021, the Board extended the period of the application of the practical expedient to June 30, 2022.

The amendment applies to annual reporting periods beginning on or after April 1, 2021. The amendment did not have any impact on the consolidated financial statements of the Group as the Group has not received COVID-19-related rent concessions.

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

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

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

  The Group has not identified contingent assets; hence these amendments have no material impact in the Group's financial statements.

- 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.

  The amendments have no significant impact in the Group's financial statements

- 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.

  The Group analyzed all contracts existing at January 1, 2022 and determined that none of them would be identified as onerous applying the provisions of the current standards.

- *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 its Parent's 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.

- o 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.

- o 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.

These amendments have no material impact in the Group's financial statements.

Standards issued but not yet effective

The Group will adopt the following new pronouncements when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new pronouncements to have a significant impact on the financial statements.

Effective beginning on or after January 1, 2023

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

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

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

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

  The Group is still evaluating the impact of these new amendments.

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

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

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

  The Group is still evaluating the impact of these new amendments.

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

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

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

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

Effective beginning on or after January 1, 2024

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

  The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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

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

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

  The amendments will have no significant impact on the Group's Consolidated financial statements.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

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

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

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

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

  The amendments are not applicable to the Group since it has no activities that are predominantly connected with insurance or issue 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 amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  The Group is currently assessing the impact of the above amendments and to be adopted when effective and applicable.

SEC Financial Reporting Relief Availed by the Company

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

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the SEC issued MC No. 14-2018 and MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the SEC issued MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

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

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

  The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

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

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC 8-2021. The Group's Real Estate Segment availed of the SEC relief to defer the above specific provision of PIC Q&A No. 2018-12 on determining whether the transaction price includes a significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component.

The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. Had this provision been adopted, it would have affected the pre-selling scheme for a certain project in 2019, wherein revenue recognition was over time and POC based on actual costs incurred relative to the total expected costs to complete. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements in case a full retrospective approach applied. Depending on the approach of adoption, the adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, contract assets or liability, provision for deferred income tax, deferred tax asset or liability for all years presented. The Group has yet to assess if the mismatch constitutes a significant financing component for its contract to sell. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach.

The exclusion of land in determination of POC would have reduced the percentage of completion of real estate projects. Adoption of this guidance would have reduced revenue from real estate sales, cost of sales and installment contract receivables; increased real estate inventories and would have impacted deferred tax asset `or liability and provision for deferred income tax for all years presented, and the opening balance of retained earnings.

- Deferment of Implementation of *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods* (IAS 23, *Borrowing Cost*) for the Real Estate Industry

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

  The IFRIC agenda decision would change the Group's current practice of capitalizing borrowing costs on real estate projects with pre-selling activities. On February 21, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC agenda decision.

  For real estate companies that avail of the deferral, the SEC requires disclosure in the Notes to the Financial Statements of the accounting policies applied, a discussion of the deferral of the subject implementation issues, and a qualitative discussion of the impact in the financial statements had the IFRIC agenda decision been adopted.

  The Group's Real Estate Segment opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. This adjustment should have been applied retrospectively and would have resulted to restatement of prior year financial statements. A restatement would have impacted interest expense, cost of sales, provision for deferred income tax, real estate inventories, deferred tax liability and opening balance of retained earnings. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. The Group has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries as enumerated in Note 1, after the elimination of material intercompany transactions. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full.

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, 2021 and 2020. The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles. Adjustments are made to align any dissimilar accounting policies that may exist.

The Parent Company accounts for its investments in subsidiaries and interests in jointly-controlled operations as discussed in the succeeding page.

(a) *Investments in Subsidiaries*

Subsidiaries are entities (including structured entities) over which the Parent Company has control. The Parent Company controls an entity when: it has the power over the entity; it is exposed, or has rights to, variable returns from its involvement with the entity; and, has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Parent Company obtains control.

The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss.

The Group holds interests in various subsidiaries as presented in Note 1.

(b) *Interests in Jointly-controlled Operations*

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. The Group recognizes in relation to its interest in a joint operation: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and, its expenses, including its share of any expenses incurred jointly. The amounts of these related accounts are presented as part of the regular asset and liability accounts and income and expense accounts of the Group. No adjustment or other consolidation procedures are required for the assets, liabilities, income and expenses of the joint venture that are recognized in the separate financial statements of the venturers.

(c) *Investments in Associates*

Associates are those entities over which the Group is able to exert significant influence but not control and which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for in the consolidated financial statements using the equity method.

Acquired investment in associate is subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquiree at the date of acquisition. Any goodwill or fair value adjustment attributable to the Group's share in the associate is included in the amount recognized as investment in an associate.

All subsequent changes to the ownership interest in the equity of the associates are recognized in the Group's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the Equity Share in Net Earnings of Associates account in the consolidated statement of income.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered (see Note 2.17).

2.4 Business Combination

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed (see Note 2.17)..

Negative goodwill or gain on bargain purchase which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost is charged directly to income.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions and Contingent Liabilities and Contingent Assets*, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Acquisition of interest in an entity that holds investment property which does not constitute a business is accounted for as an asset acquisition. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members and participant. A business usually consists of the three elements as follows:

(a) inputs, which is an economic resource that creates, or has the ability to create, outputs when one or more processes are applied to it;
(b) processes, which may pertain to any system, standard, protocol, convention or rule that when applied to an input or inputs, creates or has the ability to create outputs; and,
(c) outputs which are the result of inputs and processes applied to those inputs.

While a business usually has outputs, outputs are not required for an integrated set of assets to qualify as a business.

Under the asset purchased accounting, the purchase costs are allocated to identifiable assets and liabilities based on relative fair values of individual items; goodwill or gain on bargain purchase is not recognized; and, transaction costs are capitalized.

2.5 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instruments. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Group commits to purchase or sell the asset).

(a) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The classification and measurement of financial assets are described below.

(i) Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Group's consolidated financial assets measured at amortized cost include those presented in the consolidated statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables (excluding receivables from officers and employees), Due from Related Parties, and as part of Other Non-current Assets with respect to Deposits.

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of each reporting period, which are classified as non-current assets.

For purposes of cash flows reporting and presentation, cash equivalents comprise accounts with original maturities of three months or less. These generally include short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Cash include cash on hand and demand deposits.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income reverts to gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset subsequently improves. The interest earned on installment contract receivables and finance lease receivables, and cash and cash equivalents are recognized and presented in the consolidated statement of profit or loss as part of Other Operating Income.

(ii) Financial Assets at Fair Value Through Other Comprehensive Income

Financial asset is classified and measured at FVOCI if the asset meets the following conditions:

- it is held under a business model whose objective is achieved by both collecting the contractual cash flows and sell ("hold to collect and sell"); and,

- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as fair value through profit or loss (FVTPL). The Group has designated its equity investment as at FVOCI on initial application of PFRS 9 (see Note 10).

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation Reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to Retained Earnings, except for debt securities classified as FVOCI, if any, wherein cumulative fair value gains or losses are reclassified to profit or loss.

Any dividends earned on holding equity instruments are recognized in profit or loss as part of Dividend Income, when the Group's right to receive dividends is established; it is probable that the economic benefits associated with the dividend will flow to the Group; and, the amount of the dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria. A change in the objective of the Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(b) Impairment of Financial Assets

At the end of the reporting period, the Group assesses and recognizes an allowance for ECL on its financial assets measured at amortized cost and investment securities measured at FVOCI. The measurement of the ECL involves consideration of broader range of information in assessing credit risk, including past events (e.g., historical credit loss experience) and current conditions, adjusted for forward-looking factors specific to the counterparty or debtor and the economic environment that affect the collectability of the future cash flows of the financial assets. ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial assets.

The Group assesses impairment of trade receivables on a collective basis based on shared credit risk characteristics of financial assets. The Group determines the ECL for trade receivables by applying a method that evaluates the credit quality of a portfolio of trade receivables and the cumulative loss rates by analyzing historical net charge-offs arising from cancellations and back-out sale for homogenous accounts that share the same origination period.

For investment securities measured at amortized cost and at FVOCI, the Group recognizes lifetime ECL when there has been a significant increase in credit risk on a financial asset since initial recognition. Lifetime ECL represents the expected credit loss that will result from all possible default events over the expected life of a financial asset, irrespective of the timing of the default. However, if the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures and provides for credit losses that are expected to result from default events that are possible within 12-months after the end of the reporting period.

For other credit exposures such as receivables and advances to related parties and other companies, ECLs are recognized in two stages. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures and provides for credit losses that are expected to result from default events that are possible within the next 12-months (12-month ECL). When there has been a significant increase in credit risk on a financial asset 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 (lifetime ECL). For deposits in banks, the Group applies the low credit risk simplification and measures the ECL on the financial assets based on a 12-month basis unless there has been a significant increase in credit risk since origination, in that case, the loss allowance will be based on the lifetime ECL.

The key elements used in the calculation of ECL are as follows:

- *Probability of Default* – it is an estimate of likelihood of a counterparty defaulting of its financial obligation over a given time horizon, either over the next 12 months or over the remaining lifetime of the obligation.

- *Loss Given Default* – it is an estimate of loss related to the amount that may not be recovered after the default occurs. It is based on the difference between the contractual cash flows due in accordance with the terms of the instrument and all the cash flows that the Group expects to receive. For trade receivables, this include cash flows from resale of repossessed real estate properties, net of direct costs of obtaining and selling the properties such as commission, refurbishment, and refund payment under Republic Act (RA) 6552, *Realty Installment Buyer Protection Act* or Maceda law.

- *Exposure at Default* – it represents the gross carrying amount of the financial assets in the event of default which pertains to its amortized cost.

The Group recognizes an impairment loss in profit or loss for all financial instruments subjected to ECL impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account, except for investment securities measured at FVOCI, for which the loss allowance is recognizes in other comprehensive income and accumulated in Revaluation Reserves account, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(c) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.6 Inventories

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as inventories.

Inventories include subdivision lots, houses and lots, land developments, medium-rise and high-rise condominium units, and parking spaces. Land acquired by the Group and are held for future development and sale in the ordinary course of business is also accounted for as inventories. Inventories are measured at the lower of cost and net realizable value (NRV).

Cost of inventories includes:

- land cost;
- amounts paid to contractors for the construction; planning and design costs; costs of site preparation; professional fees directly attributable to construction/development of the property, property transfer taxes; construction overheads and other related costs; and,
- any borrowing costs to the projects which were capitalized during construction [Notes 2.19].

Repossessed property arising from sales cancellation is recognized at NRV.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated cost to sale. The amount of any write-down of inventories to NRV and all losses of inventories are recognized in the consolidated statement of profit or loss in the year of the write-down or loss occurs.

The cost of inventories recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs. The total costs are allocated pro-rata based on the relative size of the property sold.

2.7 Property and Equipment

Property and equipment, except for land and construction-in-progress, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land and construction-in-progress are carried at cost less any impairment value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Construction-in-progress includes cost of construction, other direct costs, furniture and fixtures and leasehold improvements under construction but not yet used in operations and is not depreciated until such time that the relevant asset is completed and ready for intended use.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software and those costs associated with research activities are recognized as expense in profit or loss as incurred.

Expenditures incurred after the property and equipment have been put into operational use, such as repairs and maintenance, are normally charged to operations in the year in which the costs are incurred. When significant parts of property and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation and amortization.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognized in profit or loss as incurred.

Depreciation and amortization of property and equipment commences once the item of property and equipment is put into operational use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20 years
Land improvements	3-5 years
Leasehold improvements	3-5 years or the term of the lease whichever shorter
Furniture and fixtures	3-5 years
Machineries and equipment	3-5 years
Transportation vehicles	1-5 years
Software Licenses	1-5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.17).

The residual values, estimated useful lives and method of depreciation and amortization of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated property and equipment and fully amortized leasehold improvements are retained in the accounts until they are no longer in use.

An item of property and equipment, including the related accumulated depreciation, amortization and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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 item) is included in profit or loss in the year the item is derecognized.

2.8 Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties, which include land, building and improvements are initially recognized at cost. The initial cost of investment property consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent to initial recognition, investment properties, except for land, are stated at cost less accumulated depreciation, amortization and any impairment in value. Land is carried at cost less any impairment in value (see Note 2.17).

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are charged against current operations in the year in which the costs are incurred.

Depreciation and amortization of investment properties commences from the time of acquisition and is computed on a straight-line basis over the estimated useful lives of the investments properties as follows:

Building	20 years
Improvements	20 years

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount (Note 2.17).

Investment properties, including the related accumulated depreciation and amortization, are derecognized upon disposal or when permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties (calculated as the difference between the net disposal proceeds and the carrying amount of the item) are recognized in profit or loss in the year of retirement or disposal.

2.9 Investment in Associates

An associate is an entity over which the Group has significant influence but not control and which is neither a subsidiary nor a joint venture.

Investment in an associate is accounted for by the equity method of accounting. Under this method, the investment is initially recognized at cost and adjusted thereafter by post-acquisition changes in the Group's share in the net assets of the associate and any impairment losses. The Group's share of its associate's post-acquisition profits or losses is recognized in profit or loss. Share in post-acquisition change in the associate's net assets not recognized in profit or loss is directly recognized in the Group's equity. Dividends received from the associates are deducted from the carrying amount of the investment.

The Group discontinues applying the equity method when their investments in associates are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations to the associate. When the associate subsequently reports net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting date of the associate and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

2.10 Intangible Assets

Intangible assets of the Group pertain to goodwill which are accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire an asset at the time of its acquisition or production. Goodwill is not amortized because it is considered to have indefinite useful life. In addition, intangible assets are subject to impairment testing as described in Note 2.17.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.11 Other Assets

Other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

The Group's other assets include investment in joint operation (see Note 2.3).

2.12 Financial Liabilities at Amortized Cost

Financial liabilities, which include trade and other payables (excluding tax-related liabilities, deferred rent and retirement benefit obligation), loans payable, bonds payable and amounts due to related parties, are recognized when the Group becomes a party to the contractual terms of the instrument. These are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments. All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss under the caption Finance Costs in the consolidated statement of profit or loss.

Loans payable and bonds payable are raised for support of long-term funding of operations. Finance charges, including direct issue costs, are charged to profit or loss on an accrual basis [except for capitalizable borrowing costs which are added to the cost of qualifying assets (see Note 2.19)] using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Parent Company.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and a recognition of new liability, and the difference between the carrying amount of the financial liability derecognized and the consideration paid or payable or the carrying amount of the new liability is recognized in profit or loss.

2.13 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when the Group currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the consolidated financial instruments.

2.14 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements.

Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.15 Revenue and Expense Recognition

(a) *Revenue, Other Operating Income and Gains*

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The transfer of control can occur over time or at a point in time. Generally, revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods sold and services rendered, excluding Value Added Tax (VAT), and rebates and discounts, if any.

The Group has concluded that it is the principal in its revenue arrangements with customers based on existing contracts at the end of the reporting period.

Based on identified contract with customers, the Group determines the revenue to be recognized following a five-step process as follows:

(i) identifying the contract with a customer;
(ii) identifying the performance obligation;
(iii) determining the transaction price;
(iv) allocating the transaction price to the performance obligations; and,
(v) recognizing revenue when/as performance obligations are satisfied.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time.

(i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
(ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

Judgment applied by management in determining whether a contract with customer exists and the other significant judgment, estimates and assumptions related to accounting for revenue from contracts entered into with customers related to sale of real estate properties and hotel operations are disclosed in Note 3.1(a) and 3.1(b).

The Group derives revenue primarily from sale of houses and lots, subdivision lots, medium-rise and high-rise condominium units and parking spaces. The Group also enters into transactions involving hotel accommodations, food and beverage operations, and other incidental activities.

In addition to the above considerations, the Group's revenue and other operating income and gains are recognized and measured based on the following specific criteria:

(i) *Real estate sales*

(a) *On pre-completed real estate projects*

Revenue from pre-completed real estate projects are recognized over time proportionate to progress of the development. The Group measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. Revenue recognized from real estate sales is presented as part of Real Estate Sales under the Revenues section in the consolidated statement of profit or loss.

Contract assets pertain to rights to consideration in exchange for goods or services that the Group has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers, the Group will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Group as it develops the property are presented as Contract assets under the Trade and Other Receivables account of the consolidated statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Group assesses impairment of its financial assets [see Note 2.5(b)].

Any consideration received by the Group in excess of the amount for which the Group is entitled is presented as Contract liabilities under the Trade and Other Payables account of the consolidated statement of financial position. A contract liability is the Groups obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

If the transaction does not yet qualify as contract revenue under PFRS 15, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue on real estate sale, consideration received from buyers are presented under the Deposits from Customers account in the liabilities section of the consolidated statement of financial position.

(b) *On completed real estate projects*

Revenue from completed real estate sales are recognized as the control transfer to the customer at the point in time and upon reaching the collection threshold set by management, i.e., income from sale is considered fully earned at the time the collection from customer has reached the desired percentage requirement of the total contract price.

Collections from buyers which are not yet qualified for revenue recognition are treated as deposits and presented as Deposits from Customers in the consolidated statement of financial position.

(ii) *Hotel operations*

Revenues from hotel operations which include occupancy and sale of ancillary services are recognized over time during the occupancy of hotel guest and ends when the scheduled hotel room accommodation has lapsed (i.e., the related room services and goods have been rendered or served). Revenue from banquets and other special events are recognized when the events take place, hence, over time.

(iii) *Gain or loss on repossession and cancellation*

Gain or loss on repossession is recognized at a point in time (i.e., at the date of repossession) and measured based on the difference between the fair value less cost to restore and sell repossessed inventories and the carrying value of the installment contract receivables out of amount refundable to the buyer as required by RA 6552, or Maceda Law, at the time of repossession. This is presented in the consolidated statement of profit and loss as Other Operating Income or Other expense.

(iv) Other operating income and gains

Other income arising from other customer-related fees such as collection services fees, penalties, retrieval fees, transfer and other fees are recognized over time in the same amount to which the entity has the right of invoice to the customer (i.e., when the Group has rendered the related services which coincides to the time when the customer obtains the benefits thereon). Any amounts remaining unbilled at the end of the reporting period are presented in the consolidated statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

(b) Costs and Expenses

Costs of real estate sales, including costs of land, land development costs, building costs, professional fees, permits and licences and capitalized borrowing costs (see Notes 2.6 and 2.19) are recognized as these as incurred. These costs are allocated to the saleable area based on relative size, with the portion allocable to the sold area being recognized as costs of sales in profit or loss upon disposal, while the portion allocable to the unsold area being recognized as part of real estate inventories.

Costs of hotel operations and operating expenses are recognized upon utilization of the goods or services or at the date the costs are incurred (i.e., when a decrease in future economic benefits related to a decreased in an asset or an increase of a liability has arisen that can be measured reliably). These are measured at the amount paid or payable.

Incremental costs of obtaining a contract to sell real property to customers (i.e., commissions and documentation) are recognized as part of Operating Expenses on the same basis as revenue from such contract is recognized.

2.16 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

(i) Accounting for Leases in Accordance with PFRS 16

The Group recognizes a right-of-use assets and a lease liability at the lease commencement date. The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site in which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use assets reflect that the Group will exercise a purchase option. In that case, the right-of-use assets will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The Group also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.17).

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liabilities comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liabilities are measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense.

On the consolidated statement of financial position, right-of-use assets are presented as part of other non-current assets. Meanwhile, lease liabilities are presented as part of trade and other payables.

(b) Group as Lessor

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

Leases wherein the Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Group's net investment outstanding in respect of the finance lease.

2.17 Impairment of Non-Financial Assets

The Group's property and equipment, investment properties, goodwill and other non- financial assets are subject to impairment testing. Goodwill is tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of its fair value less costs-to-sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. Except for goodwill, an impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.18 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan, defined benefit contribution plans, and other employee benefits which are recognized as discussed below.

(a) *Post-employment Defined Benefit Plan*

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's post-employment defined benefit pension plans covers all regular full-time employees. The pension plans are tax-qualified, noncontributory and administered by trustees.

The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rate of zero coupon government bonds, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. The interest rates are based from the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL). BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in profit or loss in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Finance Costs in the consolidated statement of profit or loss.

Past service costs are recognized immediately in consolidated profit or loss in the period of a plan amendment and curtailment.

(b) *Post-employment Defined Contribution Plans*

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity (e.g. Social Security System). The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) *Short-term Benefits*

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees which are expected to be settled before twelve months after the end of the annual reporting period during which an employee services are rendered, but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Accrued expenses under Trade and Other Payables in the consolidated statement of financial position.

(d) *Compensated Absences*

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period.

They are included in the Trade and Other Payables in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.19 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of such asset. The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment.

The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted.

Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress. Capitalization ceases when substantially all such activities are complete.

2.20 Income Taxes

Tax expense recognized in consolidated profit or loss comprises the sum of current tax and deferred tax not recognized in consolidated other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in consolidated profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in consolidated profit or loss, except to the extent that it relates to items recognized in consolidated other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.21 Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the entities in the Group and their related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) the Group's funded post-employment plan.

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

Based on the requirement of SEC Memorandum Circular 2019-10, *Rules of Material Related Transaction for Publicly- Listed Companies*, transactions amounting to 10% or more of the total assets based on the latest audited consolidated financial statements that were entered into with related parties are considered material for purposes of reporting to the SEC as required under the said memorandum circular.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a one-year period that breaches the materiality threshold of 10% of the Group's total assets based on the latest audited financial statements, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

2.22 Equity

Capital stock represents the nominal value of the Parent Company's shares that have been issued.

Additional paid-in capital includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax effects.

Treasury shares are shares of stock of the Parent Company that were reacquired but not cancelled. These are carried at acquisition cost and are presented as a deduction from equity until the shares are cancelled, reissued or disposed. The portion of treasury shares in the retained earnings is not allowed for dividends declaration.

Revaluation reserves comprise the fair value gains and losses of investment securities at FVOCI and gains and losses from the remeasurements of retirement benefit obligation.

Retained earnings represent all current and prior period results of operations as reported in the consolidated statement of comprehensive income and profit or loss, reduced by the amounts of dividends declared, which should not exceed up to the extent of the cost of treasury shares.

2.23 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's strategic steering committee; its chief operating decision-maker. The strategic steering committee is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 6, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements, except that the following are not included in arriving at the operating profit of the operating segments:

- post-employment benefit expenses;
- research costs relating to new business activities; and,
- revenue, costs and fair value gains from investment property.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.24 Earnings Per Share (EPS)

Basic and diluted EPS is computed by dividing net profit of the Group by the weighted average number of common shares issued and outstanding during the reporting period, adjusted for any subsequent stock dividends declared. Diluted EPS amounts are calculated by dividing the net profit attributable to the Group (after deducting interest on the convertible preferred shares, if any) by the weighted average number of common shares outstanding during the reporting period plus the weighted average number of common shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

2.25 Value- Added Tax (VAT)

Revenues, expenses and assets are recognized, net of the amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The amount of Input VAT (Output VAT) is included as part of "Other assets" ("Trade and other payables") in the consolidated statement of financial position

2.26 Events After the End of Reporting Period

Post year-end events up to the date of when the consolidated financial statements are authorized for issue that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when assessed to be material.

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

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

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation as discussed in Note 3.2, which have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) *Determining Existence of a Contract with Customer*

In a sale of real estate properties, the Group's primary document for a contract with a customer is a signed contract to sell which is executed when the real estate property sold is completed and ready for use by customer. In rare cases wherein contract to sell are not executed by both parties, management has determined that the combination of other signed documentations with the customers such as reservation agreement, official receipts, computation sheets and invoices, would contain all the elements to qualify as contract with the customer (i.e., approval of the contract by the parties, which has commercial substance, identification of each party's rights regarding the goods or services and the related payment terms). Moreover, as part of the evaluation, the Group assesses the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer.

In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance of the customer's downpayment in relation to the total contract price [see Note 3.1(c)]. Collectability is also assessed by considering factors such as past history with the customer and pricing of the property.

Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

(b) *Evaluation of the Timing of Satisfaction of Performance Obligations and Revenue Recognition*

(i) *Real Estate Sales*

The Group sells real estate properties such as house and lots, medium or certain high-rise condominium units, and parking spaces and recognized revenue thereon at a point in time (i.e., upon sale of the inventories that are completed and ready for use and upon reaching collection threshold) or over time. In making this judgment, the Group considers the following criteria:

- any asset created or enhanced as the Group performs;
- the ability of the customers to control such asset as it is being created or enhanced;
- the timing of receipt and consumption of benefits by the customer; and;
- the Group's enforceable right for payment for performance completed to date.

In determining the timing of satisfaction of the Group's performance obligation and the revenue recognition, the Group makes judgments that are integral to its accounting policy. Consistent with the Group's business model (i.e., low-cost housing) and marketing strategy, it sells real estate inventories to marginal earner customer in different regions at prices that are generally lower than the prices offered by other developers in the industry. The Group also develops and constructs these real estate properties applying different construction technology that enables it to build houses and condominium quickly and cost-effectively, ranging from three to six months for house and lot and medium-rise condominium, and an average of 18 months for high-rise/vertical condominiums. Construction and development period includes the duration required for land development stage, which also range from three to six months depending on the size of the project.

Based on the Group's marketing evaluation, its customers are generally buyers who are not willing to wait for longer property development and construction period before they are able to transfer and occupy the property for residential purposes and who are indifferent whether or not the related common areas and amenities are complete. Generally, these common areas and amenities are relatively not significant to the project development and are substantially completed prior to selling activities.

With the combination of these factors, the Group generally offers its real estate inventories to customer when the house and lot and condominium units are completed and ready for use by the customer and the related common areas, site development, and amenities are substantially completed. The Group assessed that at the time they made the offer to sell the inventories, there is no significant additional performance obligation that needs to be fulfilled under its contract with customer and there are no significant costs that the Group will incur relative to the total development costs of a particular project. On this basis, the customer is contractually obliged to make payments to the Group of the consideration involved in the contract for the fully completed performance obligation.

The current selling scheme introduced by the management for a certain project, recognition of revenue from those real estate inventories under the pre-selling scheme shall be based on the satisfaction of performance of obligation over time. The newly acquired subsidiary of the Group sells pre-completed real estates, thus also recognizes revenue over time. The Group measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligation. Specifically, the Group estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and apply changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

The Group also requires a certain percentage of buyer's payments of total contract price to be collected as one of the criteria in order to initiate revenue recognition [see Notes 2.15(a)(i) and 3.1(c)].

(ii) Hotel Operations

The Group determined that its revenue from hotel operations shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group provides the services without the need of reperformance of other companies. This demonstrates that the customers simultaneously receive and consume the benefits of the Group's rendering of hotel services as it performs.

(c) Determination of Collection Threshold for Revenue Recognition

The Group uses judgment in evaluating the probability of collection of transaction price on real estate sales as a criterion for revenue recognition. Management believes that the revenue recognition criterion on percentage of collection is appropriate based on the collection history from customers, buyer's profile and number of back-out sales in prior years. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer when reaching the set collection threshold would demonstrate the buyer's commitment to pay the total contract price.

(d) Determination of ECL on Trade and Other Receivables and Advances to Related Parties

The Group uses the cumulative loss rate approach to calculate ECL for trade receivables. This approach considers and includes reasonable approximation of probable and estimable future losses determined by applying historical gross charge-off information (arising from cancellations and back-out sales) to forward-looking qualitative information (i.e., forecast of economic condition). While there may be an assessed default occurring in these receivables over the term of the instrument, the amount of required allowance for ECL is minimized since the legal title related to the unit sold will only be transferred once the contract receivable has been paid in full, and the Group has the right to recover the real estate properties covered by the contract with customer through repossession, and to resell the asset at an amount sufficient to cover the unpaid outstanding obligations.

On the other hand, additional ECL may be calculated for certain pool of trade receivables specifically determined to have expected cash shortfall based on outstanding exposures. These generally arise from receivables which were charged-off at an earlier term of the instrument since origination period.

In relation to advances to related parties, the maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Group's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of receivables can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

Based on the relevant facts and circumstances affecting the quality of certain advances to related parties at the reporting date, management recognized credit losses in 2022 and 2021. (see Notes 4.1 and 29).

(e) *Fair Value Measurement for Financial Instruments*

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying value of the Group's financial assets at FVOCI and the fair value gains and losses recognized on these securities are disclosed in Note 10.

(f) *Distinguishing Between Business Combination and Asset Acquisition*

The Parent Company determines whether an acquisition of an entity constitutes a business combination or an asset acquisition. The accounting treatment for the acquisition is determined by assessing whether the transaction involved a purchase of a business taking into consideration the substance of the transaction. The Parent Company evaluates whether an acquired entity is capable of being conducted and managed as a business by assessing the integrated set of activities and assets based on at least two essential elements – inputs and processes applied to those inputs, which together are or will be used to create outputs. Otherwise, the transaction is accounted for as an asset acquisition. Failure to make the right judgment will result in misstatement of assets and other accounts that could have been affected by the transaction.

Management assessed that the acquisition of the Genvi's and Picadilly's outstanding shares in 2019 and 2022 are accounted for as a business acquisition in accordance with PFRS 3.

(g) *Distinction Among Real Estate Inventories, Investment Properties and Owner-occupied Properties*

In determining the classification of assets as to real estate inventories, investment properties or owner-occupied properties, the Group considers management's intention in acquiring or developing the asset and the asset's current use.

Residential and condominium units comprise properties that are held for sale in the ordinary course of business. With respect to other rest estate properties, the Group classifies an asset as investment property when the property is not occupied substantially for use by, or in operations of the Group, but are held primarily to earn rental income and capital appreciation. On the other hand, owner-occupied properties are those that generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as an investment property, only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgment.

(h) *Distinguishing Preferred Shares Held in Club Shares as Financial Instrument, Inventories or Intangible Asset*

In determining whether preferred shares held in investee entities operating as a club and resorts shall be accounted for as either financial instruments or inventories, the Group considers its role in the development of the club or resorts and its intent for holding the securities acquired. The Group classifies such shares as inventories when it acts as the developer of the property and intends to sell a developed property together with the shares. If these criteria were not met, the securities are classified as financial asset, or an intangible asset when the shares only provides membership rights on the developed properties rather than proprietary interest.

(i) *Distinction Between Operating and Finance Leases for Contracts where the Group is the Lessor*

The Group has entered into a lease agreement for certain office and parking spaces. Critical judgment was exercised by management to distinguish the lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the property covered by the agreement. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(j) *Evaluation of Business Model of the Financial Assets*

Based on the relevant facts and circumstances affecting the quality of certain advances to related parties at the reporting date, management recognized credit losses in 2022 and 2021. (see Notes 4.1 and 29).

(k) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.14 and disclosures on relevant provisions and contingencies are presented in Note 30.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) *Estimation of Allowance for ECL*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Management also applies judgement in the estimation of the contractual cash flows due from counterparties that the Group would expect to receive from the realization of any credit enhancements, including the discounting factor for recoveries beyond one year. Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 4.1.

(b) *Estimating NRV of Inventories*

The Group adjusts the cost of its inventories to NRV based on its assessment of the recoverability of the inventories.

NRV for inventories, including land held for future development, is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group having taken suitable external advice and in light of recent market transactions.

NRV in respect of inventories and improvements under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction less an estimate of the time value of money to the date of completion. The estimates used take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

The Group did not recognize any write-down on its inventories in 2022, 2021 and 2020. The carrying values of the Group's inventories are disclosed in Note 9.

(c) *Impairment of Non-financial Assets*

In assessing impairment of non-financial assets, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.17). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

During the year, the management determined that portion of other assets were not recoverable. Direct written-off of creditable withholding taxes and other non-current assets were made amounting to P 135.5 million and P 1.3 million, respectively see Note 14. The impairment loss is presented as part of Expected credit and impairment losses under Operating Expenses in the consolidated statements of profit or loss, respectively (see Note 23). No similar transactions occurred in 2021 and 2020.

The carrying values of the non-financial assets, particularly, investment in associate, property and equipment, investment properties and investment in joint operations, goodwill, and any related allowance for any impairment losses are disclosed in Notes 11, 12, 13 and 14, respectively.

(d) *Determination of Estimated Useful Life of Property and Equipment and Investment Properties*

The Group determines the estimated useful life of its property and equipment, and investment properties based on the period over which the assets are expected to be available for use. The Group reviews periodically the estimated useful life based on factors that include asset utilization, internal technical evaluation, environmental and anticipated use of the assets tempered by related industry benchmark information. 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 life of property and equipment, and investment would increase depreciation and amortization expense and decrease non-current assets in the succeeding reporting periods.

The estimated useful life of the Group's property and equipment, and investment properties are disclosed in Notes 2.7 and 2.8, respectively. This carrying values of are disclosed in Notes 12 and 13, respectively.

(e) Estimation of Post-employment Benefit Obligation

The cost of defined benefit pension plans as well as the present value of the defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements.

Future salary increases and pension increases are based on expected future inflation rates for the country. All assumptions are reviewed at each reporting date.

The carrying value of the post-employment benefit obligation, as well as the other details of the defined benefit pension plans, and the assumptions used in the valuation as at December 31, 2022, 2021 and 2020, are disclosed in Note 26.

(f) Determination of Realizable Amount of Deferred Tax Assets

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

The Group assessed its projected performance in determining the sufficiency of the future taxable income to support the recognition of deferred tax assets. Refer to Note 28 for the information on the Group's recognized and unrecognized deferred tax assets.

(g) Fair Value Measurement for Investment Properties

The Group's investment properties composed of land, building and improvements are measured using the cost model. In determining the fair value of these assets for disclosure purposes, the Group engages the services of professional and an independent appraiser applying the relevant valuation methodologies as discussed in Note 5.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties. A significant change in key inputs and sources of information used in the determination of the fair value disclosed for those assets may result in adjustment in the carrying amount of the assets reported in the consolidated financial statements if their fair value will indicate evidence of impairment.

4 FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The Group has various financial assets and financial liabilities such as cash in banks, trade and other receivables, investment securities at FVOCI, trade and other payables, loans payable, bonds payable and due to and from related parties which arise directly from its operations. Thus, exposure to credit, market and liquidity risks arise in the normal course of the Group's business activities.

The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and,
- to provide a degree of certainty about costs.

The Parent Company's BOD reviews and approves the policies for managing each of these risks and they are summarized in the succeeding pages.

4.1 Credit Risk

Credit risk is the risk of financial loss to the Group if the counterparty to a financial instrument fails to meet its contractual obligation. To manage credit risk, the Group maintains credit policies and monitors its exposure to credit risk on a continuous basis.

Trade receivables balances are being monitored on a regular basis to ensure timely execution of necessary collection intervention efforts. In addition, the credit risk for trade receivables is mitigated as the Group has only transferred the corresponding title of the subdivision lots, house and lot units, condominium units and parking spaces upon full payment of the contract price.

(a) *Maximum exposure to credit risk*

The Group's maximum exposure to credit risk is equal to the carrying value of its financial assets as discussed below.

(i) *Cash and Cash Equivalents*

The credit risk for cash equivalents is considered negligible. As part of Group policy, bank deposits are only maintained with reputable financial institutions with low credit risk based on externally available risk rating or from the Group's internal credit grading that takes into consideration its banking relationship and activities with its depository banks. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million per depositor per banking institution, as provided for under RA No. 9576, *Amendment to Charter of Philippine Deposit Insurance Corporation.*

(ii) *Trade Receivables*

Trade receivables from the sale of real estate inventories, including finance lease receivables, as of December 31, 2022 and 2021 are secured by collateral (the subdivision lots, house and lots, medium-rise and high-rise condominium units, and parking spaces).

The Group uses cumulative credit loss rate approach to calculate ECL for trade receivables. This approach is based on historical analysis of the Group's trade receivables portfolio, which calculates the receivables' loss experience over a reasonable observation period and apply such information to project what the portfolio will look like going forward. The model is done by dividing each period's net charge-offs arising from contract cancellations and back-out sales by the original principal balance at the origination period of the receivables.
The loss experience of these original balances is tracked annually and summed over the life of the contract, leaving a cumulative loss rate based on historic averages.

The management determined that there is required additional ECL to be recognized on the Group's trade and lease receivables. Management recognized additional ECL amounting to P202.5 million, P313.6 million and P 71.7 million in 2022, 2021 and 2020, respectively (see Note 8)

Management assessed that a portion of the Group's trade receivables was deemed collectible. Accordingly, reversals of allowance for probable loss amounting to P110.1 million was recorded in 2022 (see Note 8).

The estimated fair value of collateral and other security enhancements held against trade receivables are presented below.

	2022	2021
Real estate receivables	**38,568,218,541**	32,704,387,050
Contract Assets	**74,030,402**	102,421,138
Finance lease receivables	**882,224,480**	956,315,807
	39,524,473,423	33,763,123,995

(iii) Advances to Related Parties

ECL for advances to related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the counterparties' ability to repay the receivables upon demand at the reporting date taking into consideration the historical defaults from the counterparties. Management assessed that portion of the outstanding receivables from certain related parties as of December 31, 2022 and 2021 which are not fully recoverable since these related parties do not have enough capacity to pay the advances upon demand. Accordingly, credit losses amounting to P184.7 million, P43.4 million (net of recovery of P 27.4 million) and nil were recognized in 2022, 2021, and 2020 respectively. Impairment losses in 2022 and 2021 are presented as part of Expected credit and impairment losses under Operating Expenses in the consolidated statements of profit or loss, respectively (see Note 23).

The Group does not consider any significant risks in the remaining advances to related parties since the Group, whose credit risks for liquid funds are considered negligible, have committed to financially support these related parties as part of the its long-term corporate strategy.

(iv) Other Receivables and Lease Deposits

The Group applied simplified approach in determining the ECL of certain other receivables. This approach uses a provision matrix to collectively assess other receivables based on shared credit risk characteristics of the financial assets, grouped based on days past due with loss rate determined from a range of 10% to 100%. In 2022 and 2020, additional provision was recognized amounting to P 6.4 million, P 3.5 million, respectively, no provision in 2021. Accordingly, reversals of allowance for probable loss amounting to P1.5 million and P 1.9 million was recorded in 2022, and 2021, respectively, no reversal in 2020 (see Note 8).

Lease deposits, which pertain to the deposits from rental and electrical facilities, are monitored by the Group and involves creditworthy counterparties and with no historical default experience.

Moreover, other receivables pertain to loans extended to employees and other reputable third parties which are settled through salary deduction and installment basis on a short-to-medium term. Thus, the credit risk is considered negligible under the circumstances.

(b) *Credit risk concentration*

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

An analysis of concentration of credit risk by location of the Group's installment contract receivables (ICRs) and finance lease receivables, gross of allowance for impairment, is shown below.

	2022	2021	2020
Metro Manila	**17,258,021,748**	12,824,914,269	12,225,439,530
Davao	**7,116,519,711**	5,309,580,858	3,993,608,407
Cebu	**3,046,636,970**	3,407,265,634	2,537,553,701
Iloilo	**1,745,998,254**	3,497,055,571	2,409,090,743
Cavite	**748,277,870**	1,754,269,537	2,339,334,050
Pampanga	**1,133,436,778**	1,186,996,859	1,080,485,007
Bacolod	**2,224,893,864**	1,255,546,011	858,966,509
Bulacan	**6,750,095,558**	3,512,823,928	315,413,450
	40,023,880,753	32,748,452,667	25,759,891,397

(c) *Credit quality*

Generally, the Group classifies cash in banks and short-term placements as high grade as these are deposited with reputable banks.

Due from related parties and other financial assets are considered to be unrated. For trade receivables, standard grade pertains to receivables with no default in payments.

The tables below show the credit quality per class of financial assets, gross of allowance, as of December 31, 2022 and 2021:

	December 31, 2022				
	Neither past due nor impaired		**Past due but**	**Credit-**	
	High grade	**Standard grade**	**not impaired**	**impaired**	**Total**
Cash in banks and short-term placements	1,430,361,192				**1,430,361,192**
Trade and other receivables					
Installment contract receivables		38,357,503,188	210,715,353	573,437,733	**39,141,656,274**
Finance lease receivables		695,655,573	186,568,907		**882,224,480**
Contract assets		74,030,402		-	**74,030,402**
Retention receivables		2,199,581,327		13,243,509	**2,212,824,836**
Loans receivables		396,953,440		-	**396,953,440**
Other receivables**		871,058,919		214,747,100	**1,085,806,019**
Due from related parties		2,044,601,483		385,635,741	**2,430,237,224**
Deposits*		201,983,482		2,511,974	**204,495,456**
	1,430,361,192	44,841,367,814	397,284,260	1,189,576,057	46,428,228,131

	December 31, 2021				
	Neither past due nor impaired		Past due but	Credit-	
	High grade	Standard grade	not impaired	impaired	Total
Cash in banks and short-term placements	1,621,999,626				1,621,999,626
Trade and other receivables					
Installment contract receivables		30,497,416,038	804,263,829	488,251,460	31,789,931,327
Finance lease receivables		932,867,025		25,654,315	958,521,340
Contract assets		102,421,138		-	102,421,138
Retention receivables		1,671,439,799		13,243,509	1,684,683,308
Loans receivables		396,953,440		-	396,953,440
Other receivables**		921,443,323		105,676,994	1,027,120,317
Due from related parties		1,329,051,204		200,885,878	1,529,937,082
Deposits*		186,767,868		2,511,974	189,279,842
	1,621,999,626	36,038,359,835	804,263,829	836,224,130	39,300,847,420

** Included in Other Non-Current Assets in the consolidated statements of financial position.*

***Includes advances to external marketing managers.*

High grade financial assets pertain to accounts with a very low probability of default as demonstrated by the counterparty's long history of stability, profitability and diversity.

Standard grade financial assets pertain to accounts where counterparties are expected to be able to adjust to their financial conditions. Any prolonged adverse economic conditions would however create profitability and liquidity issues. The counterparty may have a history of default in interest but must have regularized its records to date.

Credit-impaired receivables represent receivables with specific allowance for impairment.

4.2 Market Risk

Market risk is the risk of loss to future earnings, to fair value or future cash flows of a financial instrument as a result of changes in its price, in turn caused by changes in interest rates, foreign currency exchange rates, equity prices and other market factors.

As of December 31, 2022 and 2021, the Group has no financial instruments that are exposed to significant interest rate risk and foreign currency risk. However, the Group's investment securities measured at FVOCI is exposed to price risks. The Group manages exposures to price risk by monitoring the changes in the market price of the investments and at some extent, diversifying the investment portfolio in accordance with the limit set by management.

4.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash are invested in time deposits, mutual funds or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets. As at December 31, 2022 and 2021, the Group's financial liabilities have contractual maturities which are presented below.

	2022					
	On demand	Up to 1 month	More than 1 month to 6 months	More than 6 months to 12 months	Beyond 1 year	Total
Trade and other payables						-
Trade and accounts						-
Payables	1,199,088,346	-	-	-	-	**1,199,088,346**
Retention payable	-	-	-	1,018,193,461	-	**1,018,193,461**
Construction bonds	-	-	-	96,630,891	-	**96,630,891**
Accrued expenses	-	-	-	2,405,677,805	-	**2,405,677,805**
Contract liabilities	-	-	-	-	906,194,448	**906,194,448**
Lease liabilities	-	-	-	11,951,066	16,883,037	**28,834,103**
Due to related parties	-	-	-	289,460,197	-	**289,460,197**
Loans payable	-	5,196,206,587	3,519,603,391	11,938,522,947	21,325,019,516	**41,979,352,441**
	1,199,088,346	**5,196,206,587**	**3,519,603,391**	**15,760,436,367**	**22,248,097,001**	**47,923,431,692**

	2021					
	On demand	Up to 1 month	More than 1 month to 6 months	More than 6 months to 12 months	Beyond 1 year	Total
Trade and other payables						-
Trade and accounts						-
Payables	682,023,802	-	-	-	-	682,023,802
Retention payable	-	-	-	923,418,635	-	923,418,635
Construction bonds	-	-	-	92,504,764	-	92,504,764
Accrued expenses	-	-	-	2,317,792,081	-	2,317,792,081
Contract liabilities	-	-	-	1,553,279	906,194,448	907,747,727
Lease liabilities	-	-	-	10,624,614	13,694,540	24,319,154
Due to related parties	-	-	-	81,857,852	-	81,857,852
Loans payable	-	2,875,023,728	5,213,563,043	9,729,799,657	12,050,788,298	29,869,174,726
Notes payable	-	-	-	500,000,000	-	500,000,000
Bonds payable	-	-	-	374,872,704	217,759,295	592,631,999
	682,023,802	2,875,023,728	5,213,563,043	14,032,423,586	13,188,436,581	35,991,470,740

4.4 Offsetting of Financial Instruments

The following tables show the details of recognized financial instruments of the Group subject to offsetting, enforceable master netting arrangements or similar agreements, and the effect of other rights of offset but do not meet the offsetting criteria under PAS 32:

	2022					
					Effect of remaining rights of set off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria	
Financial instruments recognized at end of year by type	**Gross carrying amounts (before offsetting) (a)**	**Gross amounts offset in accordance with the offsetting Criteria (b)**	**Net amount presented in statements of financial position (a-b) (c)**	**Financial instruments (d)**	**Fair value of Financial Collateral (e)**	**(c-d-e) (f)**
Financial assets						
Due from related parties	2,044,601,483	-	2,044,601,483	-	-	2,044,601,483
Financial liabilities						
Loans payable						-
Short term loans	20,654,332,925	-	20,654,332,925	-	67,808,728	20,586,524,197
Long term loans	21,325,019,516	-	21,325,019,516	-	16,395,244,891	4,929,774,625
Due to related parties	289,460,197	-	289,460,197	-	-	289,460,197
	42,268,812,638	-	42,268,812,638	-	16,463,053,619	25,805,759,019

Financial instruments recognized at end of year by type	Gross carrying amounts (before offsetting) (a)	Gross amounts offset in accordance with the offsetting Criteria (b)	Net amount presented in statements of financial position (a-b) (c)	Financial instruments (d)	Effect of remaining rights of set off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria Fair value of Financial Collateral (e)	(c-d-e) (f)
	2021					
Financial assets						
Due from related parties	1,329,051,204	-	1,329,051,204	-	-	1,329,051,204
Financial liabilities						
Loans payable						-
Short term loans	17,818,386,428	-	17,818,386,428	-	67,808,728	17,750,577,700
Long term loans	12,050,788,298	-	12,050,788,298	-	4,213,287,041	7,837,501,257
Bonds payable	592,631,999		592,631,999			592,631,999
Notes payable	500,000,000	-	500,000,000	-	-	500,000,000
Due to related parties	81,857,852	-	81,857,852	-	-	81,857,852
	31,043,664,577	-	31,043,664,577	-	4,281,095,769	26,762,568,808

5 *FAIR VALUE MEASUREMENT AND DISCLOSURE*

5.1 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants under current market conditions (i.e., an exit price) 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 by the Group.

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

5.2 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or financial liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which an asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

Except for investment securities at FVOCI, all other financial assets of the Group are measured at amortized cost as of December 31, 2022 and 2021.

Management has determined that the carrying values of the Group's financial instruments carried at amortized cost approximate or equal their fair values except, non-current portion of the ICRs and bonds payable. Accordingly, those are no longer presented in the analysis below.

Except for cash in banks and bonds payable, for which fair value is classified as Level 1, the fair value of other financial instruments and investment properties where fair value is required to be disclosed are classified as Level 3 in the hierarchy.

The table below presents the assets and liabilities for which fair value is required to be disclosed, by valuation method as of December 31, 2022 and 2021.

	2022				
	Carrying Amount	**Level 1**	**Fair value Level 2**	**Level 3**	**Total**
Installment contract Receivable	**39,141,656,274**			**38,568,218,541**	**38,568,218,541**
Finance receivables	**882,224,480**			**882,224,480**	**882,224,480**
Investment securities through FVOCI	**1,352,155,026**			**1,352,155,026**	**1,352,155,026**
Non-financial assets					
Investment properties	**321,117,811**			**1,016,662,000**	**1,016,662,000**

	2021				
	Carrying Amount	Level 1	Fair value Level 2	Level 3	Total
Installment contract Receivable	31,789,931,327			30,301,679,867	30,301,679,867
Finance receivables	958,521,340			932,867,025	932,867,025
Investment securities through FVOCI	1,276,692,847			1,276,692,847	1,276,692,847
Non-financial assets					
Investment properties	341,522,984			1,016,662,000	1,016,662,000
Financial liabilities					
Bonds payable	592,631,999	628,317,102			628,317,102

There were no transfers between Levels 2 and 3 in 2022 and 2021.

5.3 Methods and Assumptions Used

The methods and assumptions used by the Group in estimating the fair value of the assets and liabilities are described below and in the succeeding page.

(a) Financial Instruments

(i) Cash and cash equivalents, and other receivables

The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and remaining maturity, which for short-term deposits approximate the nominal value.

(ii) Installment contract and lease receivables

Installment contract and lease receivables are net of allowance for credit losses. The estimated fair value these receivables represents the discounted amount of estimated future cash flows, including principal amount outstanding and interest expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iii) Retention receivables

Fair values are estimated using the discounted cash flow methodology using the prevailing market rates for similar types of instrument, which due to their short-term duration, their carrying amount approximates fair value.

(iv) Investment securities at FVOCI

There were no material sales transactions over the Group's FVOCI securities. Accordingly, the Group has used the discounted cash flow method to determine the fair value of the FVOCI securities. The most significant inputs used in the valuation include the occupancy rate, discount rate, and the terminal growth rate. Under this approach, the higher occupancy and terminal growth rates, and lower discount rate used in the valuation will result in higher fair value of the FVOCI securities.

Management believes that these valuation approaches provides a reasonable approximation of the fair value of the securities based on the circumstances affecting the securities at the end of the reporting date.

A reconciliation of the carrying amounts of Level 3 equity securities at the beginning and end of 2022 and 2021 is shown in Note 10.2.

(v) Due from and to related parties

The carrying amounts of due from and to related parties, which are short-term in nature and payable on demand, approximate their fair values.

(vi) Noninterest-bearing refundable security deposits

The estimated fair value of security deposits represent the discounted amount of estimated future cash flows expected to be received from the instruments. Expected cash flows are discounted at current market rates to determine fair value.

(vii) Trade and other payables

The carrying amounts of all trade and other payables approximate fair value as these liabilities are short-term in nature.

(viii) Retention payable

The carrying amount of retention payable approximates fair value.

(ix) Loans payable and notes payable

The fair value is calculated based on the discounted cash flows method using the current market rate. As these instruments bear interest that are equal to or approximates the market rates, management determined that the effect of discounting for those long-term payable are not significant. However, conditions or events may exist, which might result to a significant change in the current market rate. Nevertheless, the Group assessed that these changes would have an immaterial impact in the consolidated financial statements.

(x) Bonds payable

The fair value of bonds payable is estimated by reference to quoted bid price in active market (i.e., bond exchange) at the end of the reporting period and are categorized within Level 1.

(b) Investment Properties

Fair values are determined based on recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made and comparability of similar properties sold with the property being valued.

The Group engages the services of professional and independent appraiser that uses the market data approach in the valuation of its investment properties. Significant increases (decreases) in price per square meter and size of investment properties would result in a significantly higher (lower) fair value of the property. Significant increases (decreases) in discount would significantly lower (higher) fair value of the property. The description of each significant unobservable input used in the valuation of the investment properties are as follows:

Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable comforts to the average cut of the lots in the area and estimate the impact of the lot size differences on land value.
Shape	Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
Location	Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.
Time element	An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time. In which case, the current data is superior to historic data.
Discount	Generally, asking prices in advertisements posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.

6 SEGMENT INFORMATION

For management's purposes, the Group's operating segments are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has four reportable operating segments as follows:

(a) *Low-cost Mass Housing*

This segment pertains to the housing market segment of the Group. It caters to the development and sale of residential lots and units.

(b) *Medium-rise Condominium*

This segment pertains to the medium-rise condominium segment of the Group. It caters to the development and sale of condominium units of up to four storeys, and sale of parking spaces in the condominium.

(c) *High-rise Condominium*

This segment pertains to the high-rise condominium segment of the Group. It caters to the development and sale of condominium units with more than four storeys, and sale of parking spaces in the condominium.

(d) *Others*

(i) *Sale of Developed Subdivision Lots*

This pertains to the development and sale of lots by Genvi.

(ii) *Hotel Operations*

Presented as part of others in the segment report, income earned from hotel operations in Boracay which is being operated by 8990 LRC; it started operations in October 2018. Income earned is presented as Hotel Operations under Revenues in the 2022, 2021 and 2020 consolidated statements of profit or loss (see Note 21).

(iii) *Lease of Properties*

This pertains to the Group's leasing activities in respect of its investment property. Revenue earned from these activities are presented as Rental income in the consolidated statements of profit or loss.

Also presented as part of others in the segment report is the income pertaining to incidental revenues from unsold timeshares of the Group in the vacation hotel, Azalea Baguio Residences. Income earned is presented as part of Miscellaneous under Other Operating Income in the consolidated statements of profit or loss (see Note 25).

The Group has only one geographical business segment as all the assets and liabilities are located in the Philippines. The Group derives all of its revenues from domestic operations. Thus, geographical business segment information is not presented. No operating segments have been aggregated to form the above operating business segments.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment operating income or loss. The presentation and classification of segment revenues and expenses are consistent with the consolidated statements of profit or loss. This segment information is presented monthly to the Parent Company's BOD who is the Chief Operating Decision Maker.

Finance income consists of interest earned from ICRs and deposits in banks.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the consolidated statements of financial position which is in accordance with PFRS.

Capital expenditures represent acquisitions of property and equipment, and investment properties.

The Group has no significant customer, which contributes 10% or more of their segment revenue.

The financial information about the operations of the business segments is summarized below.

2022	Low-cost Mass Housing	Medium-rise Condominium unit	High-rise Condominium Unit	Others	Total Segment	Adjustments and Eliminations	Consolidated
Revenue	6,045,068,588	2,567,170,689	12,432,616,264	615,237,935	21,660,093,476	(23,421,732)	**21,636,671,744**
Cost of sales and services	2,541,805,220	1,347,642,416	6,808,645,589	217,811,154	10,915,904,379	(12,310,062)	**10,903,594,317**
Gross income	3,503,263,368	1,219,528,273	5,623,970,675	397,426,781	10,744,189,097	(11,111,670)	**10,733,077,427**
Operating expenses	991,987,143	434,789,250	1,628,103,240	209,951,401	3,264,831,034	(67,580,109)	**3,197,250,923**
Net operating income (loss)	2,511,276,225	784,739,024	3,995,867,435	187,475,380	7,479,358,063	56,468,439	**7,535,826,504**
Finance costs	610,967,089	325,393,644	940,800,421	38,303,646	1,915,464,800	(2,518,682)	**1,912,946,118**
Interest Income	614,554,329	232,559,960	837,229,956	126,910,694	1,811,254,939		**1,811,254,938**
Other income	109,372,950	33,555,691	836,130,432	1,966,284,660	2,945,343,733	(1,940,064,800)	**1,005,278,933**
Income before income tax	2,624,236,415	725,461,030	4,728,427,402	2,242,367,088	10,320,491,935	(1,881,077,680)	**8,439,414,256**
Provision for income tax	196,808,609	81,070,356	391,815,724	102,331,036	772,025,725	14,045,835	**786,070,960**
Net income	**2,427,427,806**	**644,390,674**	**4,336,611,678**	**2,140,036,052**	**9,548,466,210**	(1,895,123,515)	**7,653,343,296**
Non-cash items							
Depreciation and amortization	**32,898,180**	**13,617,785**	**41,746,562**	**21,402,249**	**109,664,777**	**(3,796)**	**109,660,981**
Provision for (recovery from) credit, probable and impairment losses	**108,913,373**	**63,909,654**	**229,730,219**	**10,746,998**	**413,300,244**		**413,300,244**

2021	Low-cost Mass Housing	Medium-rise Condominium unit	High-rise Condominium Unit	Others	Total Segment	Adjustments and Eliminations	Consolidated
Revenue	7,677,499,692	2,477,874,471	8,938,619,242	1,025,269,964	20,119,263,369	238,464,272	20,357,727,640
Cost of sales and services	3,194,306,032	1,169,556,713	5,175,864,218	434,499,149	9,974,226,112	79,588,555	10,053,814,668
Gross income	4,483,193,660	1,308,317,758	3,762,755,024	590,770,815	10,145,037,257	158,875,717	10,303,912,972
Operating expenses	1,043,735,625	340,915,744	1,106,234,791	100,534,250	2,591,420,410	99,097,504	2,690,517,914
Net operating income (loss)	3,439,458,035	967,402,014	2,656,520,233	490,236,565	7,553,616,847	59,778,213	7,613,395,058
Finance costs	854,463,776	358,412,001	716,043,318	21,095,342	1,950,014,437	(276,986,535)	1,673,027,902
Interest Income	752,070,051	232,955,934	502,196,183	24,949,748	1,512,171,916	(215,736,999)	1,296,434,917
Other income	1,112,395,753	350,825,285	1,358,047,166	137,257,576	2,958,525,780	(2,531,371,322)	427,154,458
Income before income tax	4,449,460,064	1,192,771,232	3,800,720,264	631,348,547	10,074,300,106	(2,410,343,573)	7,663,956,531
Provision for income tax	(10,698,277)	17,735,325	238,857,652	131,164,812	377,059,512	71,964,812	449,024,324
Net income	**4,460,158,340**	**1,175,035,907**	**3,561,862,612**	**500,183,735**	**9,697,240,594**	**(2,482,308,385)**	**7,214,932,207**
Non-cash items							
Depreciation and amortization	**42,952,400**	**16,585,226**	**32,979,965**	**4,276,725**	**93,935,181**		**96,794,315**
Provision for (recovery from) credit, probable and impairment losses	**59,537,861**	**26,294,907**	**262,616,049**	**31,241,878**	**379,690,694**		**379,690,694**

2020	Low-cost Mass Housing	Medium-rise Condominium unit	High-rise Condominium Unit	Others	Total Segment	Adjustments and Eliminations	Consolidated
Revenue	6,022,611,472	2,333,987,940	5,760,647,303	152,345,127	14,269,591,842	(36,057,545)	14,233,534,297
Cost of sales and services	3,024,264,237	1,183,076,938	2,915,292,898	79,679,473	7,202,313,546	208,164,297	7,410,477,843
Gross income	2,998,347,235	1,150,911,002	2,845,354,405	72,665,654	7,067,278,296	(244,221,842)	6,823,056,454
Operating expenses	1,078,577,528	426,730,368	273,867,391	78,713,465	1,857,888,752	(36,057,545)	1,821,831,207
Net operating income (loss)	1,919,769,707	724,180,634	2,571,487,014	(6,047,811)	5,209,389,544	(208,164,297)	5,001,225,247
Finance costs	1,237,930,864	567,600,576	303,384,917	6,902,641	2,115,818,998	(423,737,873)	1,692,081,125
Interest Income	687,044,815	266,639,366	315,579,224	5,307,342	1,274,570,747	(423,737,873)	850,832,874
Other income	702,350,343	243,655,251	888,597,997	11,944,552	1,846,548,143	(1,056,738,261)	789,809,882
Income before income tax	2,071,234,001	666,874,675	3,472,279,318	4,301,442	6,214,689,436	(1,264,902,558)	4,949,786,878
Provision for income tax	68,228,532	(3,798,880)	50,875,926	2,597,422	117,903,000	-	117,903,000
Net income	2,003,005,469	670,673,555	3,421,403,392	1,704,020	6,096,786,436	(1,264,902,558)	4,831,883,878
Non-cash items							
Depreciation and amortization	58,694,426	29,487,093	4,988,175	2,529,435	95,699,129	-	95,699,129
Provision for (recovery from) credit, probable and impairment losses	66,709,327	29,879,582	(10,895,660)	3,806,348	89,499,597	-	89,499,597

Other information on the Group's operating segment follows:

	Low-cost Mass Housing	**Medium-rise Condominium unit**	**High rise Condominium unit**	**Hotel Operations**	**Others**	**Total Segment**	**Adjustments Eliminations**	**Consolidated**
2022								
Segment assets	35,509,028,597	14,630,619,784	64,911,732,443	2,597,377,854	50,272,910,187	167,921,668,865	(64,584,435,928)	103,337,232,937
Segment liabilities	20,368,049,841	9,096,264,859	36,194,584,037	821,550,242	8,076,695,831	74,557,144,810	(19,877,358,844)	54,679,785,966

	Low-cost Mass Housing	Medium-rise Condominium unit	High rise Condominium unit	Hotel Operations	Others	Total Segment	Adjustments Eliminations	Consolidated
2021								
Segment assets	56,718,127,901	19,788,435,961	63,764,124,873	608,596,668	9,784,213,170	150,663,498,573	(61,105,666,928)	89,557,831,645
Segment liabilities	22,215,244,154	8,097,332,407	21,812,328,629	362,200,952	7,183,472,250	59,670,578,392	(16,471,868,549)	43,198,709,843

	Low-cost Mass Housing	Medium-rise Condominium unit	High rise Condominium unit	Hotel Operations	Others	Total Segment	Adjustments Eliminations	Consolidated
2020								
Segment assets	56,124,846,296	6,376,023,344	27,655,306,675	1,951,339,650	49,341,853,507	141,449,369,472	(62,967,450,971)	78,481,918,501
Segment liabilities	35,421,685,440	3,150,103,997	11,773,819,203	1,523,284,365	7,938,211,778	59,807,104,783	(18,366,996,380)	41,440,108,403

7 CASH AND CASH EQUIVALENTS

This account consists of:

	2022	2021
Cash on hand	**51,869,867**	33,736,446
Cash in banks	**1,430,289,598**	1,591,856,278
Short-term placements	**71,593**	30,143,349
	1,482,231,058	1,655,736,073

Cash in banks earn interest at prevailing bank deposit annual rates ranging from 0.13% to 0.25% in 2022 and 2021. Short-term placements are made for varying periods between 22 to 90 days and earn effective interest of 1.13% to 1.75% in 2022 and 2021, respectively (see Note 25.1).

There are no restrictions on the Group's cash and cash equivalents as at December 31, 2022 and 2021.

8 TRADE AND OTHER RECEIVABLES

This account consists of:

	2022	2021
Current:		
Trade Receivables		
Installment contract receivables	**1,801,284,956**	1,006,619,166
Finance lease receivables	**187,443,805**	216,761,058
Retention Receivables	**2,212,824,836**	1,684,683,308
Receivables from employees	**924,631,541**	1,037,406,161
Contract Assets	**74,030,402**	102,421,138
Loans Receivable	**396,953,440**	
Advances to external marketing managers	**60,856,698**	60,856,698
Other Receivables	**1,024,949,322**	966,263,619
	6,682,975,000	5,075,011,148
Allowance for credit loss	**(814,238,478)**	(723,690,989)
	5,868,736,522	4,351,320,159
Non-current:		
Trade Receivables		
Installment contract receivables	**37,340,371,318**	30,783,312,161
Finance lease receivables	**694,780,674**	741,760,282
Loans Receivables	**-**	396,953,440
	38,035,151,992	31,922,025,883
	43,903,888,514	36,273,346,042

Installment contract receivables pertain to receivables from the sale of residential houses and lots, condominium units and parking spaces, which are collectible in monthly installments over a period of one to 25 years. As security for the full settlement of the receivables, the titles to the related real estate properties are transferred to the buyers only upon full payment of the contract price.

Installment contract receivables bear annual interest ranging from 8.5% to 18.0% in 2022 and 2021. Interest income earned from these receivables in 2022 and 2021 amounted to P1.7B and P1.2 billion, respectively (see Note 25.1).

In 2020, the Group, provided reliefs under Republic Act (R.A.) No. 11469, *Bayanihan to Heal as One Act* (Bayanihan 1 Act) and R.A. 11494, *Bayanihan to Recover as One Act* (Bayanihan 2 Act), which offered financial reliefs to its customers and counterparties as a response to the effect of the COVID-19 pandemic. These relief measures included the extension of payment terms without incurring interest on interests, penalties, fees, or other charges.

Based on the management's assessment, the modifications in the timing of contractual cash flows as a result of the above reliefs are not substantial and, therefore, do not result in the impairment of trade and other receivables and contract assets.

On December 11, 2019, the Group entered into an agreement with Fillmore Resources Holdings, Inc. (Fillmore) for the sale of contracts-to-sell (CTS), with a total face value or principal amount of up to P10.0 billion, without recourse. Subsequent to the sale of the CTS, Fillmore shall be primarily responsible for servicing, administering and collecting these receivables. On the same date, the Group was appointed as the sub-services and the remarketing agent of Fillmore. On November 29, 2021, the Group entered into an agreement with Fillmore Resources Holdings, Inc.(Fillmore) for the additional sale of contracts-to-sell, with additional face value or principal amount of up to P5.0 billion, without recourse, bringing the total face value or principal amount to P 15.0 billion. As at December 31, 2022 and 2021, the total amount of CTS sold by the Group to Fillmore is P 15.0 billion and P 12.6 billion, respectively. The related receivables arising from this transaction amounting to nil and P252.8 million as at December 31, 2022 and 2021, respectively, is presented as part of Other receivables under the Trade and Other Receivables account of the consolidated statement of financial position.

On January 29, 2018, the Group entered into an agreement with Dearborn Resources and Holdings, Inc. (Dearborn) for the sale of CTS, with a total face value or principal amount of up to P10.0 billion, without recourse. On September 13, 2019, the Group entered into another similar agreement to sell additional CTS with a total face value or principal amount of up to P5.0 billion. Subsequent to the sale of the CTS, Dearborn shall be primarily responsible for servicing, administrating, and collecting these receivables. On the same date, the Group was appointed as the sub-servicer and the remarketing agent of Dearborn. Total CTS sold to Dearborn in 2019 and 2018 amounted to P4.8 billion and P8.2 billion, respectively. Further, there were no sale of CTS to Dearborn in 2022.

On December 29, 2017, a loan facility agreement between Dearborn and certain lenders was executed to provide a loan facility in the aggregate principal amount of P1.4 billion for the purpose of partially financing Dearborn's acquisition of certain CTS of the Group. Under the loan facility agreement, the Parent Company also committed to lend Dearborn the principal amount of up to but not in excess of P300.0 million which bears 16% interest per annum, payable monthly. The loan granted under the facility agreement is unsecured and has a term of five years counting from the date of initial drawdown.

However, the principal amount of the loan and any related accrued interest will be due and demandable in the event of default. On November 13, 2019, the Parent Company agreed to extend the loan facility with Dearborn up to P665.0 million with no changes in the interest rate per annum. For the year, 2019, the Company has further extended P 82.95 million. As of December 31, 2022 and 2021, the Parent Company has already extended P397.0 million, financing to Dearborn. Interest earned from this loan receivable amounted to P63.5 million, P63.5 million and P63.6 million in 2022, 2021 and 2020, respectively and is presented as part of Interest income under Other Operating Income in the 2022, 2021 and 2020 consolidated statements of profit or loss (see Note 25.1).

In 2022, Dearborn Resources and Holdings, Inc. and 8990 Holdings, Inc. entered into a loan extension agreement, extending the maturity date to December 27, 2023.

Dearborn has not defaulted on the interest payment since the loan was extended. Further, a financing plan with their bank, has been established to assure full payment within 2023.

Interest receivable from this loan amounts to P3.6 million, P4.5 million, and P8.9 million as at December 31, 2022, 2021 and 2020, respectively, and is presented as part of Other receivables under the Trade and Other Receivables account of the consolidated statement of financial position.

On May 14, 2014, the Group executed a Deed of Assignment to acquire from Bon Giorno Homes, Inc. (BGHI), an entity owned by certain stockholders, its ICRs and the related liability for the conversion of titles. On June 5, 2014, an amendment to the Deed of Assignment was made to include other assets related to the acquired ICRs (see Note 29.1). As of December 31, 2022 and 2021, the amount of receivables related to these transactions still outstanding is P6.8 million and P29.5 million, respectively, and are presented as part of Installment contract receivables.

On May 15, 2014, the Group also entered into a contract with Urban Basic Housing Corporation (UBHC), an entity owned by certain stockholders, to acquire ICRs and the related liability for the conversion of titles (see Note 29.1). As of December 31, 2022, 2021 and 2020, the amount of receivables still outstanding is P 7.4 million, P7.5 million and P26.2 million, respectively, and is also presented as part of Installment contract receivables.

Retention receivables are amounts retained by Home Development Mutual Fund (HDMF) from the proceeds of loans availed by real estate buyers in accordance with HDMF Circular No. 182-A, to pay-off their obligations to the Group. This amount is normally released by HDMF to the Group upon the latter's execution of a Deed of Undertaking for the conversion of the CTS accounts and presentation of the necessary documents.

Finance lease receivables pertain to the Group's net investment in the lease of certain projects under a rent-to-own scheme which started in 2017. The carrying amount of this receivable is presented at net of deferred income representing unearned interest amounting to P694.8 million and P958.5 million as of December 31, 2022 and 2021, respectively. Rent-to-own scheme has a lease term of 15 years and is subject to 5.50% to 20.00% interest per annum.

Receivables from officers and employees pertain to cash advances for retitling costs, taxes and other operational and corporate-related expenses that are subject to liquidation.

Receivables from marketing managers are amounts given to individuals in connection with marketing activities to generate revenues which are deductible against their future commissions.

Significant portion of other receivables pertain to advances to third parties arising from taxes paid on the land acquired by the Group on behalf of the sellers.

The Group had not written-off any uncollectible accounts from third parties against outstanding balance of other receivables as of December 31, 2022, 2021 and 2020

As of December 31, 2022 and 2021, the carrying value of ICRs used as collateral to secure borrowings from banks amounted to P15.0 billion and P3.5 billion, respectively (see Note 17).

A reconciliation of the allowance for impairment at the beginning and end of 2022, 2021 and 2020 is shown below.

	December 31, 2022					
	Installment Contract/Finance Lease Receivables	Retention Receivable	Receivable from employees	Advances to Marketing Managers	Other Receivables	TOTAL
Balance at beginning of year	487,800,059	13,243,509	12,810,136	60,856,698	148,980,588	**723,690,990**
Expected credit losses	196,051,079	-	-	-	6,422,233	**202,473,312**
Recovery	(110,413,405)	-		-	(1,512,419)	**(111,925,824)**
Balance at end of year	**573,437,733**	**13,243,509**	**12,810,136**	**60,856,698**	**153,890,402**	**814,238,478**

	December 31, 2021					
	Installment Contract/Finance Lease Receivables	Retention Receivable	Receivable from employees	Advances to Marketing Managers	Other Receivables	TOTAL
Balance at beginning of year	174,261,688	13,243,509	12,810,136	47,542,260	150,918,169	398,775,762
Expected credit losses	313,538,371			13,314,438	-	326,852,809
Recovery					(1,937,581)	(1,937,581)
Balance at end of year	487,800,059	13,243,509	12,810,136	60,856,698	148,980,588	723,690,990

	December 31, 2020					
	Installment Contract/Finance Lease Receivables	Retention Receivable	Receivable from employees	Advances to Marketing Managers	Other Receivables	TOTAL
Balance at beginning of year	102,530,889	13,243,509	12,810,136	47,542,260	147,468,169	323,594,963
Expected credit losses	71,730,799	-	-	-	3,450,000	75,180,799
Balance at end of year	174,261,688	13,243,509	12,810,136	47,542,260	150,918,169	398,775,762

9 INVENTORIES

Inventories represent the subdivision lots, housing units, medium-rise and high-rise condominium units, and parking spaces for which the Group has been granted license to sell by the Housing and Land Use Regulatory Board of the Philippines.

	2022	2021
Low-cost mass housing:		
Houses and lots		
New	**14,042,466,324**	12,306,830,283
Repossessed	**2,652,428,614**	2,241,416,091
	16,694,894,938	14,548,246,374
Subdivision lots		
New	**2,390,463**	3,864,743
	16,697,285,401	14,552,111,117
Medium-rise condominium:		
New	**772,793,984**	922,982,625
Repossessed	**1,453,513,064**	1,089,625,817
	2,226,307,048	2,012,608,442
High-rise condominium		
New	**18,532,989,072**	17,167,276,914
Repossessed	**4,150,686,111**	3,349,655,720
	22,683,675,183	20,516,932,634
Developed subdivision lots	**5,113,998,410**	4,623,116,288
	46,721,266,042	41,704,768,481

High-rise condominium units pertain to the Group's high-rise projects located along Epifanio Delos Santos Avenue, Ortigas Avenue Extension and Vista Street, Tondo, Manila, which is intended to provide low-cost condominium units to average earning individuals in Metro Manila.

Developed subdivision lots pertain to the Group's real estate inventories from Genvi, the acquired subsidiary in 2019. These real estate inventories are located in the urban places of Cebu.

All the real estate inventories are carried at cost, except repossessed inventories which are measured at NRV. The Group did not recognize any inventory write-downs in 2022, 2021, and 2020. In 2022, 2021 and 2020 the Group recognized net gain (loss) on repossession amounting to P520.4 million, P121.4 million and P229.0 million, respectively and are presented as part of Other Operating Income (Expenses) in the 2022 consolidated statement of profit or loss.

The summary of the movements in inventories is shown below.

(a) Low-cost mass housing

	Notes	2022	2021
Balance at beginning of year		**14,552,111,117**	12,215,209,382
Land acquisitions		**638,672,645**	254,101,322
Construction and development costs incurred		**3,026,597,084**	3,271,150,205
Cost of sales	22	**(2,529,495,159)**	(3,194,306,032)
Repossessed inventories		**1,009,399,714**	2,005,956,240
Balance at end of the year		**16,697,285,401**	14,552,111,117

b) Medium-rise condominium units

	Notes	2022	2021
Balance at beginning of year		**2,012,608,442**	1,865,567,847
Land acquisitions			
Construction and development costs incurred		**781,494,200**	276,101,659
Cost of sales	22	**(1,394,142,737)**	(1,169,556,713)
Repossessed inventories		**826,347,143**	1,040,495,649
Balance at end of the year		**2,226,307,048**	2,012,608,442

(c) High-rise condominium units

	Notes	2022	2021
Balance at beginning of year		**20,516,932,634**	21,092,938,371
Construction and development costs incurred		**4,281,625,850**	1,745,683,820
Cost of sales	22	**(6,762,145,267)**	(5,255,452,773)
Repossessed inventories		**4,647,261,966**	2,933,763,216
Balance at end of the year		**22,683,675,183**	20,516,932,634

(d) Developed subdivision lots

	Notes	2022	2021
Balance at beginning of year			
Land acquisitions		**4,623,116,288**	4,638,251,167
Construction and development costs incurred		**632,797,057**	409,608,116
Cost of sales	22	**(141,914,935)**	(424,742,995)
Balance at end of the year		**5,113,998,410**	4,623,116,288

On June 5, 2014, 8990 HDC entered into a Share Purchase Agreement (SPA) with the previous stockholders of ERDC and THC (collectively referred to as 'Landowners') to acquire 100% of the outstanding shares of the latter with the intention of developing the land owned by the Landowners into mass housing, condominium and commercial mall projects. The SPA further provides that the Landowners have the option to purchase the developed properties equivalent to 5% of the total saleable units per building for all residential buildings constructed on the properties at a fixed price agreed by the parties; and to purchase 5% of 8990 HDC's 50% share in a planned joint venture with an operator to build a commercial mall at a fixed price. 8990 HDC commits to finish the development of the entire property within a 10-year period.

In 2018, the Landowners exercised the option to purchase certain condominium units as provided by the SPA. Accordingly, THC and ERDC recognized real estate revenues relating to this transaction totaling to P166.4 million. There are no similar transactions in 2022 and 2021.

8990 HDC entered into a share sale transaction agreement with PLI on July 22, 2016, whereby PLI stockholders agreed to sell, transfer, and convey to 8990 HDC 100% outstanding common shares of PLI. In accordance with the Group's policy (see Note 2.4), the transaction is treated by the Group as an asset acquisition since the transaction does not constitute an acquisition of a business. The total purchase price at acquisition date amounting to P856.2 million was allocated among the asset and liability accounts based on their relative fair values, majority of which were allocated land, presented as part of Inventories. As part of the share sale transaction, 8990 HDC and another corporation agreed to form a joint venture, which shall be owned by the parties on a 65% and 35% basis, respectively. As at December 31, 2022, this arrangement is yet to be consummated.

The carrying value of real estate inventories includes capitalized borrowing costs amounting to nil and P 8.2 million in 2022 and 2021, respectively (see Note 17).

Inventories recognized as cost of real estate inventories amounted to P10.8 billion, P10.0 billion and P7.4 billion in 2022, 2021, and 2020, respectively, and are included under Costs of Sales and Services in the consolidated statements of profit or loss (see Note 22).

As of December 31 2022 and 2021, a land acquisition amounting to P1.2 billion and P560.0 million, respectively, which is classified as part of High-rise Condominium Units of the Inventories, is used as collateral for the Group's loans payable (see Note 17).

10 INVESTMENTS SECURITIES AT FVOCI

This account is composed of unquoted equity securities in the following investee entities as at December 31:

	2022	2021
ALRC	**1,351,521,527**	1,276,059,347
Pico de Loro	**633,500**	633,500
	1,352,155,027	1,276,692,847

10.1 Equity Securities

Investment securities at FVOCI of the Group represent investments in preferred shares of ALRC and shares of stock of Pico de Loro Beach and Country Club (Pico de Loro).

In October 2014, by way of a Deed of Absolute Sale, ALRC acquired 8990 HDC's and FHI's building. The Group in turn invested in the common shares of ALRC through 8990 HDC and FHI representing 30% and 15% ownership, respectively, and in the preferred shares of ALRC covered by respective subscription agreement. 8990 HDC acquired 102,030 preferred shares and 450,000 common shares with total subscription price of P732.6 million and P0.45 million, respectively.

ALRC's primary purpose is to operate, maintain and/or manage a membership club. ALRC's preferred shares represent membership rights to the club including the right to use a specific unit of the building acquired from the Group and other facilities/amenities for one day per calendar year.

The Group through FHI started selling the preferred shares of ALRC upon approval by the SEC of the offering to the public on May 25, 2015. Gain on sale of preferred shares recognized in 2017 amounted to P20.9 million. In 2018, the Group sold certain equity securities under ALRC at P32.1 million selling price. Unrealized fair value gains (losses) amounting to P75.5 million, P 64.5 million and nil in 2022, 2021 and 2020, respectively, was incurred by the Group and is presented in the consolidated statement of comprehensive income.

On October 23, 2018, 8990 HDC and ALRC agreed to rescind the subscription agreement entered by both parties in 2014 for the 102,030 preferred shares with the effect of returning such preferred shares equal to the subscription price and terminating the benefits received by the parties. In addition, on that same date, both parties also rescinded the Deed of Absolute Sale pertaining to the building acquired by ALRC from 8990 HDC in 2014 located in Boracay (see Note 12). The rescission of the Deed of Absolute Sale resulted in the recognition of the building amounting to P543.1 million, including the costs of improvements made by ALRC on the asset. (see Note 12).

As of December 31, 2022, 2021 and 2020, 8990 HDC's outstanding receivable from ALRC arising from these transactions amounts to P 164.3 million, and presented as part of Due from Related Parties in the consolidated statements of financial position (see Note 29).

In 2020, the Group's share in net loss related to the unsold preferred shares of ARLC to secondary market amounted P9.7 million. These are presented as part of Miscellaneous under Other Operating Income(Expense) in the consolidated statements of profit or loss (see Note 25.1). In 2022 and 2021 no share in net income(loss) incurred relating to this.

10.2 Reconciliation of Carrying Amounts

The reconciliation of the carrying amount of these financial assets follows:

	2022	**2021**	2020
Balance at beginning of year	**1,276,692,847**	1,211,728,980	1,212,863,554
Unrealized fair value gain (loss)	**75,462,180**	64,513,867	-
Reclassification of accounts	**-**	450,000	-
Disposals	**-**	-	(1,134,574)
Balance at end of year	**1,352,155,027**	1,276,692,847	1,211,728,980

11 INVESTMENT IN ASSOCIATE

On March 15, 2021, 8990 Holdings Inc ("the Parent Company") and Scheirman Construction Consolidated Incorporated (SCCI) entered into a Subscription agreement wherein the Parent Company agreed to subscribed an aggregate of Forty-five thousand (45,000) common shares to be issued out of the unissued portion of the existing authorized capital stock and the increase authorized capital stock of SCCI at the aggregate issue price of Eighty Million Pesos (P80,000,000.00) or approximately One Thousand Seven Hundred Seventy-seven and 78/100 Pesos (P1,777.78) per shares. The Subscribed Shares constitutes 20% of the resulting total outstanding capital stock of SCCI.

On July 8, 2022, the company entered into a new Subscription Agreement with SCCI purchasing 60,000 common shares equivalent to Sixty Million Pesos (P60,000,000). The total subscribed shares after the additional investment constitutes 20% of the resulting total outstanding capital stock of the SCCI after their increase in capital stock.

Investment in Associate from these subscriptions amounted to P140 million and P80 million for 2022 and 2021, respectively. And share in SCCI net income amounted to 67,950,366 and 13,214,510 for 2022 and 2021, respectively.

Movement of cost of Investment in associate and share in net income are as follows:

	Investment in associate (Cost)		**Share in net income of associate**	
	2022	2021	**2022**	2021
Beginning of year	**P 80,000,000**	-	**P 13,214,510**	-
Addition	**60,000,000**	P 80,000,000	**67,950,366**	P 13,214,510
Ending Balance	**P 140,000,000**	P 80,000,000	**P 81,164,876**	P 13,214,510

The following summarizes the financial information of the associate:

		2022		2021
Total assets	**P**	**4,842,053,653**	P	2,585,587,060
Total liabilities		**3,838,423,634**		2,214,967,743
Revenue		**4,209,376,388**		1,592,360,038
Profit for the year		**339,751,828**		83,460,064
Other comprehensive income		**-**		-

12 PROPERTY AND EQUIPMENT, NET

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2022, 2021 and 2020 are shown below.

	December 31, 2022										
	Land	Building	Land Improvements	Leasehold Improvements	Furniture and Fixtures	Machineries and Equipment	Transportation Vehicles	Construction in Progress	Low Value Assets	Software Licenses	Total
Cost	107,405,010	613,941,700	11,230,076	34,696,217	166,025,594	135,357,509	196,823,647	56,491,347	2,826,201	84,801,485	**1,409,598,786**
Accumulated depreciation and amortization	-	(151,991,968)	(10,530,647)	(30,605,422)	(123,880,254)	(104,163,489)	(149,452,553)	-	(2,223,599)	(21,735,498)	**(594,583,431)**
Accumulated impairment losses	(8,970,000)	-	-	-	-	-	-	-	-		**(8,970,000)**
Net carrying amount	**98,435,010**	**461,949,732**	**699,428**	**4,090,795**	**42,145,340**	**31,194,019**	**47,371,093**	**56,491,347**	**602,602**	**63,065,987**	**806,045,355**

	December 31, 2021									
	Land	Building	Land Improvements	Leasehold Improvements	Furniture and Fixtures	Machineries and Equipment	Transportation Vehicles	Construction in Progress	Low Value Assets	Total
Cost	107,405,010	611,562,076	11,230,076	34,696,217	154,291,657	119,395,000	164,596,505	45,644,134	1,272,981	1,250,093,665
Accumulated depreciation and amortization	-	(121,520,361)	(10,458,648)	(27,106,275)	(114,111,959)	(95,830,148)	(138,774,497)	-	(1,061,530)	(508,863,418)
Accumulated impairment losses	(8,970,000)	-	-	-	-	-	-	-	-	(8,970,000)
Net carrying amount	98,435,010	490,041,716	771,428	7,589,942	40,179,698	23,564,860	25,822,008	45,644,134	211,450	732,260,247

	December 31, 2020									
	Land	Building	Land Improvements	Leasehold Improvements	Furniture and Fixtures	Machineries and Equipment	Transportation Vehicles	Construction in Progress	Low Value Assets	Total
Cost	107,405,010	611,552,255	11,230,076	32,759,993	148,876,710	114,944,950	153,049,006	455,470	-	1,180,273,468
Accumulated depreciation and amortization	-	(88,485,089)	(10,458,648)	(22,439,690)	(101,230,482)	(84,682,581)	(124,736,267)	-	-	(432,032,755)
Accumulated impairment losses	(8,970,000)	-	-	-	-	-	-	-	-	(8,970,000)
Net carrying amount	98,435,010	523,067,166	771,428	10,320,303	47,646,228	30,262,369	28,312,739	455,470	-	739,270,713

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2021 and 2020 is shown below.

2022

	Land	Building	Land Improvement s	Leasehold Improvements	Furniture and Fixtures	Machineries and Equipment	Transportation Vehicles	Construction in Progress	Low Value Assets	Software Licenses	Total
Balances as at January 1, 2022 net of accumulated depreciation, amortization and impairment losses	98,435,010	490,041,716	771,429	7,589,942	40,179,698	23,564,860	25,882,008	45,644,134	211,450		**732,260,247**
Additions	-	2,379,624			11,733,937	15,962,500	32,227,141	10,847,213	1,553,221	84,801,485	**159,505,120**
Reclassification											
Depreciation and amortization	-	(30,471,607)	(72,000)	(3,499,147)	(9,768,295)	(8,333,341)	(10,678,056)	-	(1,162,068)	(21,735,498)	**(85,720,013)**
Balances as at December 31, 2022 net of accumulated depreciation, amortization and impairment losses	**98,435,010**	**461,949,732**	**699,428**	**4,090,795**	**42,145,340**	**31,194,019**	**47,371,093**	**56,491,347**	**602,602**	**63,065,987**	**806,045,355**

2021

	Land	Building	Land Improvement s	Leasehold Improvements	Furniture and Fixtures	Machineries and Equipment	Transportation Vehicles	Construction in Progress	Low Value Assets	Total
Balances as at January 1, 2021 net of accumulated depreciation, amortization and impairment losses	98,435,010	523,067,166	771,429	10,320,303	47,646,229	30,262,369	28,312,739	455,470		739,270,713
Additions	-	9,821	-	1,936,224	5,414,947	4,450,059	11,547,500	45,188,664	1,272,981	69,820,197
Reclassification										
Depreciation and amortization	-	(33,035,272)	-	(4,666,585)	(12,881,478)	(11,147,568)	(14,038,231)	-	(1,061,530)	(76,830,663)
Balances as at December 31, 2021 net of accumulated depreciation, amortization and impairment losses	98,435,010	490,041,716	771,429	7,589,942	40,179,698	23,564,860	25,882,008	45,644,134	211,450	732,260,247

	2020								
	Land	Building	Land Improvements	Leasehold Improvements	Furniture and Fixtures	Machineries and Equipment	Transportation Vehicles	Construction in Progress	Total
Balances as at January 1, 2020 net of accumulated depreciation, amortization and impairment losses	98,435,010	551,883,702	-	12,758,177	52,103,335	36,282,021	39,785,864	5,250,087	796,498,195
Additions	-	1,528,556	771,429	1,606,998	16,760,654	3,661,242	6,737,131	-	31,066,008
Reclassification	-	-	-	-	-	-	-	(4,794,617)	(4,794,617)
Depreciation and amortization	-	(30,345,092)	-	(4,044,872)	(21,217,760)	(9,680,894)	(18,210,256)	-	(83,498,874)
Balances as at December 31, 2020 net of accumulated depreciation, amortization and impairment losses	98,435,010	523,067,166	771,429	10,320,303	47,646,229	30,262,369	28,312,739	455,470	739,270,713

In 2018, in connection with the rescission of the Deed of Absolute Sale between 8990 HDC and ALRC as disclosed in Note 10, the building covered under this agreement was returned to 8990 HDC resulting in the latter reacquiring title to the ownership of the asset including all equipment and improvements thereon. The total value of the assets reacquired upon the rescission was P544.1 million which is equivalent to the carrying amount of the assets including a transportation vehicle worth P1.0 million.

Construction in progress refers to pre-construction cost paid for KURA Cebu. The plan to construct was put on hold following the impact of restrictions that hardly hit the hotel industries. The construction in progress is under 8990 Leisure and Resorts Corporation. The Management is yet to resume the project as it still monitoring the continuing effects of the pandemic.

The depreciation and amortization of property and equipment is presented as part of Depreciation and amortization under Operating Expenses in the Group's consolidated statements of profit or loss.

As of December 31, 2022, 2021 and 2020, no items of property and equipment were pledged as security for any of the Group's liabilities. Moreover, the Group has no contractual commitments to acquire property and equipment.

As at the same date, the cost of fully depreciated property and equipment that are still used in operations amounts to P 300.7 million, P242.5 million, and P159.9 million, respectively.

13 INVESTMENT PROPERTIES

The gross carrying amounts and accumulated depreciation and amortization of investment property at the beginning and end of 2021 and 2020 are shown below.

	December 31, 2022			
	Land	Building	Land Improvements	Total
Cost	268,313,361	8,832,630	120,220,209	**397,366,200**
Accumulated depreciation and amortization	-	(5,708,127)	(56,411,649)	**(62,119,776)**
Transfers/Reclassification to REI	(14,128,613)			**(14,128,613)**
Net carrying amount	**254,184,748**	**3,124,503**	**63,808,560**	**321,117,811**

	December 31, 2021			
	Land	Building	Land Improvements	Total
Cost	268,313,361	8,832,630	120,220,209	397,366,200
Accumulated depreciation and amortization	-	(5,266,496)	(50,576,720)	(55,843,216)
Net carrying amount	268,313,361	3,566,134	69,643,489	341,522,984

	December 31, 2020			
	Land	Building	Land Improvements	Total
Cost	268,313,360	8,832,630	120,203,849	397,349,839
Accumulated depreciation and amortization	-	(4,824,864)	(44,563,006)	(49,387,870)
Net carrying amount	268,313,360	4,007,766	75,640,843	347,961,969

A reconciliation of the carrying amounts of investment properties at the beginning and end of 2022 and 2021 is shown below and in the succeeding page.

	2022			
	Land	Building	Land Improvements	Total
Balances as at January 1, 2020 net of accumulated depreciation, amortization and impairment losses	268,313,361	3,566,134	69,643,489	**341,522,984**
Additions	-	-	-	**-**
Depreciation and amortization	-	(441,632)	(5,834,928)	**(6,276,560)**
Transfers/Reclassification to REI	(14,128,613)	-	-	**(14,128,613)**
Balances as at December 31, 2020 net of accumulated depreciation, amortization and impairment losses	**254,184,748**	**3,124,502**	**63,808,561**	**321,117,811**

	2021			
	Land	Building	Land Improvements	Total
Balances as at January 1, 2020 net of accumulated depreciation, amortization and impairment losses	268,313,361	4,007,766	75,640,842	347,961,969
Additions		-	16,360	16,360
Depreciation and amortization	-	(441,631)	(6,013,714)	(6,455,346)
Balances as at December 31, 2020 net of accumulated depreciation, amortization and impairment losses	268,313,361	3,566,135	69,643,488	341,522,984

	2020			
	Land	Building	Land Improvements	Total
Balances as at January 1, 2020 net of accumulated depreciation, amortization and impairment losses	267,587,747	4,449,397	81,641,788	353,678,932
Additions	725,614	-	9,132	734,74
Depreciation and amortization	-	(441,631)	(6,010,078)	(6,451,709)
Balances as at December 31, 2020 net of accumulated depreciation, amortization and impairment losses	268,313,361	4,007,766	75,640,842	347,961,969

The depreciation and amortization of investment properties is presented as part of Depreciation and amortization under Operating Expenses in the Group's consolidated statements of profit or loss.

Rent income from investment properties recognized by the Group amounted to P 7.8 million, P0.6 million and P8.09 million, in 2022, 2021 and 2020, respectively (see Notes 21 and 27).

Operating expenses directly related to investment properties recognized as part of Security, managerial and janitorial, Communication, light and water, and Transportation and travel totaling P0.4 million P0.01 million and P 0.9 million in 2022, 2021 and 2020, respectively (see Note 23).

A portion of the group's investment property land was reclassified to inventory following the changes on where it was originally intended for the construction of a mall. The land was now part of the inventory where condominiums were built and are now available for sale (Note 9).

14 OTHER ASSETS

This account consists of:

	Notes	**2022**	2021
Current			
Advances to contractors		**3,415,256,484**	3,387,450,908
Advances to brokers		**134,566,370**	68,831,826
Input tax		**885,302,486**	671,153,435
Advances to landowners		**157,974,773**	157,974,773
Creditable withholding tax		**689,844,241**	695,819,231
Prepaid expenses		**266,613,339**	168,033,183
Others		**50,686,466**	92,654,668
		5,600,244,159	5,241,918,024
Less: Allowance for impairment losses		**(67,963,009)**	(66,704,609)
		5,532,281,150	5,175,213,415
Non-current			
Deposits		**204,495,456**	189,279,842
Goodwill	1	**526,474,833**	526,474,833
Software cost		**-**	58,250,024
Investment in joint operations		**190,181,632**	175,525,350
Right-of-use assets net	27	**28,616,672**	23,782,767
Others		**5,225,000**	5,225,000
		954,993,593	978,537,816
Less: Allowance for impairment losses		**(2,511,974)**	(2,511,974)
		952,481,619	976,025,842
		6,484,762,769	6,151,239,257

Advances to contractors represent advance payments to contractors for the construction of high-rise and medium-rise condominium units, subdivision houses and improvements. These advances are deductible from future billings.

Advances to brokers pertain to the advance payment made by the Group for the commissions of brokers for every confirmed reservation. Commission is computed based on percentage of the selling price depending on number of units sold for a certain period.

Advances to landowners represent deposits made for the acquisition of parcels of land held for future development.

Prepaid expenses represent prepaid realty taxes, advertising and insurance.

Deposits constitute rental deposit, deposits for the connection of electricity on the Group's property locations and cash bond paid to the Department of Agrarian Reform as a requirement for the conversion of the agricultural land into a residential and commercial area.

During the year, the Company had directly written-off creditable withholding taxes and other non-current assets amounting to P 135.5 million and P 1.3 million, respectively. The impairment loss is presented as part of Expected credit and impairment losses under Operating Expenses in the consolidated statements of profit or loss, respectively (see Note 23). No similar transactions occurred in 2021 and 2020.

Software cost includes deposits to supplier for the system upgrade of the Group, which is related to accounting software. As of date, the full implementation of the software is already in place and started its depreciation January of 2022, this was presented as part of PPE in Note 12.

Amortization of right-of-use assets in 2022 and 2021 amounted toP14.2 million and P 13.6 million and is presented as part of Depreciation and amortization under the Operating Expenses section of the 2022 and 2021 consolidated statements of profit or loss (see Notes 23 and 27).

For purposes of determining the goodwill, the Group determined the fair value of the identified net assets as of June 30, 2019 as presented in Note 1.2.

Goodwill resulted from the Group's acquisition of Genvi, as discussed in details in Note 1. It reflects the premium on the high end real estate brand of Genvi, which is Monterrazas de Cebu. The Group considers it at as a significant opportunity to enter the high end segment of the real estate industry, particularly in the southern region of the country, which is the main reason for the acquisition.

Management's assessment showed that the goodwill, which is allocated in full to the real estate operations of Genvi, is not impaired as at December 31, 2022 and 2021. Some of the factors considered in the assessment of the goodwill's impairment are the current performance of Genvi and its financial condition. There were no changes in the competitive environment where it operates that could affect its overall profitability nor is there any indicators of decline in market value of the premium subdivision lots it is selling. In 2022 and 2021, Genvi generated P391.1 million and P 879.4 million revenues and earned P121.2 million and P 345.3 million net profit, respectively.

Investment in a joint operation as of December 31, 2022, 2021 and 2020 pertains to the Group's contribution in a joint arrangement with ITECH-RAR Solutions, Inc. (ITECH-RAR), a third party information technology contractor. Under the agreement of the parties, ITECH-RAR shall supply and install fiber optics materials, appliances and other services that the parties deem applicable in the medium-rise condominium units (the Installation Projects). In turn, the Group shall shoulder the fixed amount of the Installation Projects covering all condominium units of the Group. The agreement also provides that the Group shall receive a minimum share in the results of operations of the Installation Projects of P0.4 million per year. As of December 31, 2022, 2021 and 2020, the Group has yet to receive share in net profit of the Installation Projects.

Other investments pertain to investments in common stock of Azalea Resort and Vacation Club, Inc. (ARVI) which represents 83.3% ownership interest in 2012. The Company's ownership was diluted to 37.0% as a result of additional issuance of shares in 2013 wherein the Company did not exercise its pre-emptive rights. Consequently, the Company lost its control but maintained significant influence over ARVI. As at December 31, 2022, ARVI had no operations and was considered insignificant to the Company.

The movements of the allowance for impairment losses on other assets:

		2022			
	Notes	Advances to contractors	Other Assets	Deposit	Total
Current					
Balance at beginning of year		53,107,732	13,596,877	-	**66,704,609**
Impairment losses	23	-	1,258,400	-	**1,258,400**
Balance at end of year		**53,107,732**	**14,855,277**	-	**67,963,009**

	2022			
	Advances to contractors	Other Assets	Deposit	Total
Non- Current				
Balance at beginning of year	-	-	2,511,974	2,511,974
Impairment losses	-	-	-	-
Balance at end of year	-	-	2,511,974	2,511,974

	Notes	2021 Advances to contractors	Other Assets	Deposit	Total
Current					
Balance at beginning of year		53,107,732	2,267,471	-	55,375,203
Impairment losses	23	-	11,329,406	-	11,329,406
Balance at end of year		53,107,732	13,596,877	-	66,704,609

	2021 Advances to contractors	Other Assets	Deposit	Total
Non- Current				
Balance at beginning of year	-	-	2,511,974	2,511,974
Impairment losses	-	-	-	-
Balance at end of year	-	-	2,511,974	2,511,974

15 TRADE AND OTHER PAYABLES

This account consists of:

	Notes	2022	2021
Current			
Trade and accounts payables		**1,199,088,346**	682,023,802
Accrued expenses		**2,405,677,805**	2,317,792,081
Retention payables		**1,018,193,461**	923,418,635
Output tax		**18,887,249**	140,677,113
Interest Payable	17,18,19	**238,629,532**	244,828,861
Construction bonds		**96,630,891**	92,504,764
Withholding tax payables		**17,962,773**	87,652,152
Lease liabilities	27	**11,951,066**	10,624,614
Contract Liabilities	21	**-**	1,553,279
Dividends payable	20	**50,875,000**	50,875,000
Deposits		**145,586,809**	145,586,809
Others		**3,582,568,367**	4,484,448,528
		8,786,051,299	9,181,985,638
Non-current			
Pension Liability	26.2	**15,536,785**	14,176,306
Contract Liabilities	21	**906,194,448**	906,194,448
Lease liabilities	27	**16,883,037**	13,694,540
		938,614,270	934,065,294
		9,724,665,569	10,116,050,934

Trade payables are mainly attributable to the Group's obligation to contractors for the construction of subdivision houses and improvements and purchase of land and materials. These are noninterest-bearing and are normally settled on 15 to 60-day terms.

Accrued expenses consist of the following:

	Note	2022	2021
Documentation	23	**1,558,469,050**	1,310,209,476
Commission		**781,680,680**	936,545,547
Others		**65,528,075**	71,037,058
		2,405,677,805	2,317,792,081

Retention payables are noninterest-bearing liabilities with contractors and brokers and are normally settled a year after the Group's completion of the relevant contracts.

Construction bonds pertain to a fixed amount of cash deposit paid by the buyers in cases where the buyers opted to make renovations and/or improvement to their desired units. In case of damages to the Group's projects that occurred during the construction, penalties will be applied against these accounts. These cash deposits will be returned to the buyer upon completion of the construction.

Others under current liabilities include provision for probable losses related to contingencies (note 30), accounts payable- processing cost which are optional improvements on the housing units which are directly engaged with the contractors but are paid to the company by the buyers and other payable to government agencies as of December 31, 2022, 2021 and 2020.

16 DEPOSITS FROM CUSTOMERS

This account represents down payments made by the real estate buyers for the purchase of residential housing units and timeshares/preferred shares. Cash deposits as of December 31 are received from:

	2022	2021
Real estate buyers	**1,007,013,544**	835,269,971
Timeshare/preferred share buyers	**57,915,771**	40,588,809
	1,064,929,315	875,858,780

Deposits from real estate buyers constitute cash receipts that are yet to qualify for the collection threshold criteria prior to recognition of a revenue. For timeshares, deposits represent payments made by the buyer that is yet to reach the level of required payment before a sale is recognized.

Timeshares are in-house issuances of the Group that grants the purchaser a perpetual right to occupy one unit of the Group's vacation hotel in Baguio every year for a specific number of days. It also grants certain buyers the right to avail of the international exchange services offered by affiliated companies through the Group's Resorts Condominium International membership. Purchase by the buyer of timeshare does not result into any change in equity or ownership of the Group as the sale does not grant the purchaser any proprietary or voting right or residual interest in the Group

17 LOANS PAYABLE

This account represents peso borrowings from local banks broken into:

	2022	2021
Short-term loans	**11,074,122,901**	12,040,073,151
Long-term loans - current portion	**9,580,210,024**	5,778,313,277
	20,654,332,925	17,818,386,428
Long-term loans - non-current portion	**21,325,019,516**	12,050,788,298
	41,979,352,441	29,869,174,726

In 2022, 2021, and 2020, the Group availed of loans from various banks. These bank loans bear annual interest rates ranging from 4.3% to 7.0% in 2022, 2021 and 2020. Interest rates are either fixed for the loan term or subject to annual repricing. Loans payable have various maturity dates ranging from three months to five years.

Interest expense on loans payable amounted to P1,872.7 million, P1,589.9 million and P1,210.8 million in 2022, 2021 and 2020, respectively, and is presented as part of Finance Costs in the consolidated statements of profit or loss (see Note 24). Interest expense pertains only to interest incurred which are not capitalized. Accrued interest on the loans amounting to nil, P232.9 million and P139.0 million as at December 31, 2022, 2021 and 2020, respectively, is presented as part of Interest Payable under Trade and Other Payables in the consolidated statements of financial position (see Note 15).

Total borrowing costs capitalized for the construction of the Group's real estate projects amounted to nil, P 8.2 million and P 55.8 million in 2022, 2021 and 2020 respectively No borrowing costs from general borrowings were capitalized since the allocated borrowing costs on qualifying assets are considered not material to the consolidated financial statements, which is generally because construction for its horizontal developments is completed within a short period of time.

The capitalization rate used, which is based from the annual interest rate of the monthly renewable interest-bearing loans, ranges from 3.13% to 7.19% in 2018. There are no capitalized borrowings in 2022, 2021 and 2020 because construction related to a specific borrowing for a vertical development has been completed prior to the beginning of the reporting period.

As of December 31, 2022 and 2021, the Group's loans payable is secured by the following assets with their corresponding carrying values:

	Notes	**2022**	2021
Short-term loans:			
Deposits of a controlling			
Shareholder	29.1	**67,808,728**	67,808,728
Long-term loans:			
Deposits of a controlling			
Shareholder	29.1	**255,848,145**	157,000,000
Collaterals owned by the Group:			
Installment contract receivables	8	**14,977,115,746**	3,496,287,041
Land held for future development	9	**1,162,281,000**	560,000,000
		16,395,244,891	4,213,287,041
		16,463,053,619	4,281,095,769

18 NOTES PAYABLE

On October 8, 2020, a master note certificate is issued by 8990 Holdings with a principal amount of P 1,300,000,000 dated October 14, 2020. The Note was issued at 100% issue price and will due on October 14, 2022 (two years from the issue date) with 4.0500% interest rate per annum. In 2021, the Company partially paid the liability amounting to P 800,000,000. On October 14, 2022, the Company settled the remaining balance amounting to 500,000,000.

	2022	2021
Current	-	500,000,000
Non-current	-	-
	-	500,000,000

Finance cost amounted to P15.2 million, P 41.9 million and P 6.9 million in 2022, 2021 and 2020, respectively. Such amount is included under the total finance cost in the consolidated statement of profit or loss. Accrued interest on the loans amounting to nil and P 5.0 million as at December 31, 2022 and 2021 and is presented as part of Interest Payable under Trade and Other Payables in the consolidated statements of financial position (see Note 15).

19 BONDS PAYABLE

The breakdown of this account follows:

	2022	2021
Current	-	375,019,694
Non-current	-	217,612,305
	-	592,631,999

The amount of bonds payable presented above is net of the unamortized discount amounting to nil, P1.7 million and P3.0 million in 2022, 2021 and 2020, respectively.

On July 16, 2015, the Parent Company offered and issued unsecured fixed-rate peso bonds with an aggregate principal amount of P5.0 billion with an oversubscription option up to P4.0 billion.

The offer comprises of the following series:

Bond Series	Option Date	Principal Amount
Series A – 6.2080% per annum, five-year and three months, due October 16, 2020	-	P 8,405,590,000
Series B – 6.1310% per annum, seven-year, due July 16, 2022 unless otherwise earlier redeemed by Parent Company	The third month after the fifth anniversary of issue date and the sixth anniversary of issue date	375,500,000
Series C – 6.8666% per annum, ten-year, due July 16, 2025 unless otherwise earlier redeemed by Parent Company	The seventh anniversary of issue date and each anniversary of the issue date thereafter	218,910,000
		P 9,000,000,000

Total transaction costs capitalized upon issuance of the bonds amounted to P122.3 million.

Interests on the bonds are payable quarterly in arrears starting on October 16, 2015 for the first interest payment date and on January 16, April 16, July 16, and October 16 of each year for each subsequent interest payment date.

The bonds shall be repaid at par, plus any outstanding interest on the relevant maturity date of each series, unless the Parent Company exercises its early redemption option for Series B or C Bonds on the early redemption option dates.

Series A of the bonds matured and was paid in 2020.

During the year, the Parent Company settled its outstanding obligation maturing July 16, 2022 (Series B) and July 16, 2025 (Series C). Early redemption was made for Series C Bonds due on 2025 with an early redemption price of 102.5% of the principal amount. The carrying amount of bond is P 217.8 million (net of unamortized bond issue cost of P 1.1 million), accordingly, loss on early retirement of bonds was also recognized, amounting to P6.6 million.

The fair value of the bonds amounts to nil and P628.3 million as of December 31, 2022 and 2021, respectively. Amortization of bond issue costs amounted to 0.66 million, P1.2 million and P20.9 million, in 2022, 2021, and 2020, respectively, and are included as part of Finance Costs in the consolidated statements of profit or loss (see Note 24).

Total finance costs incurred on these bonds, inclusive of the amortization of the debt issue costs, amounted to P22.3 million, P39.2 million and P472.0 million in 2022, 2021 and 2020, respectively. Accrued interest on the bonds amounting to nil, P6.9 million and P13.1 million as at December 31, 2022, 2021 and 2020, respectively, is presented as part of Interest Payable under Trade and Other Payables in the consolidated statements of financial position (see Note 15).

The Parent Company and its subsidiaries are required under the terms of the bonds to observe certain covenants, including, among others, maintenance of financial ratios, incurrence or guarantee of additional debt, encumbrance for borrowed money and other covenants. These were complied with by the Group in 2022, 2021 and 2020, respectively.

20 EQUITY

20.1 Capital Stock

As of December 31, 2022, 2021 and 2020, details of the capital stock of the Parent Company and the movements thereon are as follows:

	Shares			Amount		
	2022	2021	2020	**2022**	2021	2020
Preferred Shares Series A – P1 par value, cumulative, non-voting, non- participating, non-convertible, redeemable 6.0263% per annum						
Authorized – 50 million shares						
Issued and outstanding		50,000,000	50,000,000		P 50,000,000	P 50,000,000
Preferred Shares Series B – P1 par value, cumulative, non-voting, non-participating, non-convertible, redeemable 5..50% per annum						
Authorized – 50 million shares						
Issued and outstanding	**37,000,000**	37,000,000	-	**P 37,000,000**	37,000,000	-
Preferred Shares- P.01 par value, voting						
Authorized – 5.00 billion shares					-	
Issued and outstanding	**-**	-	**-**	**-**		-
Balance at end of year	**37,000,000**	87,000,000	50,000,000	**P 37,000,000**	P 87,000,000	P 50,000,000
Common Shares – P1 par value						
Authorized shares – 6.850 billion shares						
Issued and outstanding:						
Balance at beginning of year	**5,517,990,720**	5,517,990,720	5,517,990,720	**P 5,517,990,720**	P 5,517,990,720	P 5,517,990,720
Treasury shares – at cost (see Note 20.3)	**(126,591,700)**	(126,591,700)	(126,591,700)	**(1,806,540,154)**	(1,806,540,154)	(1,806,540,154)
Balance at end of year	**5,391,399,020**	5,391,399,020	5,391,399,020	**3,711,450,566**	3,711,450,566	3,711,450,566
Total	**5,428,399,020**	5,478,399,020	5,441,399,020	**P 3,748,450,566**	P 3,798,450,566	P 3,761,450,566

20.2 Authorized Capital Stock

On October 20, 2010, the PSE approved the Parent Company's application for the initial listing of 181.9 million common shares under the Second Board of the PSE.

On August 25, 2011, the Parent Company entered into a Subscription Agreement (SA) with Intellectual Property Ventures Group (IPVG), wherein IPVG agreed to subscribe to 40.0 million shares of the common stock of the Parent Company at a subscription price of P2.52 per share or a total subscription of P100.8 million. IPVG paid P25.0 million in cash as partial payment and agreed to pay the remaining balance of the subscription price upon call thereon by the Parent Company's BOD.

As a result of the Asset Purchase Agreement dated September 28, 2011, the said SA and the related shares subscribed and partially paid were transferred to Intellectual Property Ventures, Inc. (IPVI).

On February 29, 2012, the stockholders approved the issuance of the 40.0 million shares in favor of IPVI. On the same date, the minority and unrelated stockholders waived the requirement to conduct a rights or public offering of the shares subscribed.

In April 2012, the Parent Company received the remaining subscription receivable and issued the corresponding shares to IPVI. These shares were part of the shares acquired by the stockholders of the 8990 Group (former stockholders of the company's subsidiaries). On May 6, 2013, the Parent Company recognized deposits for future stock subscription amounting to P27.9 billion in exchange for its investments in subsidiaries through Share Swap with the stockholders of 8990 Group.

On September 23, 2013, the BOD of the Parent Company approved the subscriptions and issuance of 465,580,467 shares at P1.00 per share to new public investors to comply with the minimum public ownership requirement of the PSE. Such issuance is subject to following conditions: (i) the approval of the SEC of the Parent Company's application for the increase in authorized capital stock from P460.0 million to P7.0 billion divided into 7.0 billion shares with par value of P1.00 per share; and, (ii) the issuance of 3,968,357,534 shares to the stockholders of 8990 Group. The shares were issued subsequent to the approval by the SEC of the increase in authorized capital stock of the Parent Company on October 1, 2013.

Subsequent to SEC's approval of the increase in authorized capital stock, the deposit for future stock subscription of the Parent Company was applied as payment for the issuance of shares which were recorded as part of the Parent Company's Capital Stock and Additional Paid-in Capital (APIC) of P4.0 billion and P23.9 billion, respectively. Of the total APIC, P23.9 billion is eliminated on consolidation against Investment in Subsidiaries because it represents the cost of the subsidiaries acquired through the Shares Swap.

On March 17, 2014, the Parent Company's BOD approved the offering and issuance by way of a "follow-on" offering consisting of the following shares at an offer price of P6.50 per share:

Primary shares	862,186,050
Secondary shares	382,360,770
Over-all allotment shares	134,950,860

The registration by way of a follow-on offering of common shares was rendered effective by the SEC on April 15, 2014 and for which a Certificate of Permit to Offer Securities for Sale was issued by the SEC on April 30, 2014.

Total proceeds from the primary offer shares amounted to P5.6 billion and the related direct issue costs incurred in connection with the offering amounted to P341.9 million which were charged to APIC. Accordingly, the issuance resulted into an excess of P4.4 billion over the capital stock and is recorded as APIC in 2014.

As of December 31, 2022, 2021 and 2020, there are 5,391,399,020, 5,391,399,020, and 5,391,399,020 listed shares, respectively. Such listed shares closed at P9.86 per share, P 11.28 per share and P 8.24 per share as of December 31, 2022, 2021 and 2020, respectively.

On January 31, 2017, the stockholders approved and ratified the creation of the preferred shares under the shelf registration. The SEC approved the Parent Company's amended Articles of Incorporation creating the preferred shares on April 19, 2017.

On July 25, 2017, the BOD of the Parent Company unanimously authorized the sale and offer of up to Ten Billion Pesos (P10,000,000,000) preferred shares, at an offer price of P100.00 per share, or 100,000,000 preferred shares with an initial tranche of 50,000,000 preferred shares, under a shelf registration to be issued within a period of three years.

The Parent Company also applied with the PSE for the listing of the preferred shares, which the PSE approved for listing on the main board of the PSE on November 8, 2017. The PSE approval covers only the initial tranche of 50,000,000 preferred shares under the shelf registration.

The preferred shares were offered at the price of P100.00 per share resulting in an additional paid-in capital of P4.9 billion, analyzed as follows:

Total issuance price	P5,000,000,000
Amount of shares issued at par value	50,000,000
Excess of proceeds over par value	4,950,000,000
Direct issuance costs	(46,485,651)
Additional paid-in capital	P 4,903,514,349

The Parent Company also applied with the PSE for the listing of the preferred shares, which the PSE approved for listing on the main board of the PSE on February 10, 2021. The PSE approval covers only the initial tranche of 37,000,000 preferred shares under the shelf registration.

The preferred shares were offered at the price of P100.00 per share resulting in an additional paid-in capital of P3.6 billion, analyzed as follows:

Total issuance price	P3,700,000,000
Amount of shares issued at par value	37,000,000
Excess of proceeds over par value	3,663,000,000
Direct issuance costs	(59,892,536)
Additional paid-in capital	P 3,603,107,464

On October 28, 2022, the Company's BOD approved the redemption of its 50,000,000 outstanding Series A Preferred Shares (8990P) at a redemption price of P 100 per share.

Total issued preferred shares by the Company is at 37,000,000 shares and 87,000,000 shares with market value of P3,626,000,000 and P 8,737,000,000 as of December 31, 2022 and 2021, respectively, breakdown as follows:

	2022				2021			
	Shares	Closing Rate		Amount	Shares	Closing Rate		Amount
Series A	-	-	P	-	50,000,000	100.00	P	5,000,000,000
Series B	37,000,000	98.00		3,626,000,000	37,000,000	101.00		3,737,000,000
Total	**37,000,000**		**P**	**3,626,000,000**	87,000,000		P	8,737,000,000

20.3 Treasury Shares

On February 6, 2019, the BOD approved the Parent Company's P2.0 billion share buyback program which is to be implemented for a period of 18 months or until August 1, 2020.

The said buyback program excludes the participation of the majority shareholders. As of December 31, 2022, 2021 and 2020, the Parent Company has repurchased 126.6 million shares for P1.81 billion. These repurchased shares are presented as Treasury Shares in the 2022, 2021 and 2020 consolidated statement of financial position and do not form part of the outstanding shares.

Below is the movement of treasury shares as at December 31, 2021, 2020 and 2019:

	2022		2021		2020	
	Shares	**Amount**	**Shares**	**Amount**	Shares	Amount
Balance, January 1	126,591,700	1,806,540,154	126,591,700	1,806,540,154	89,033,300	1,266,523,478
Acquisition	-	-	-	-	37,558,400	540,016,676
Balance, December 31	**126,591,700**	**1,806,540,154**	126,591,700	1,806,540,154	126,591,700	1,806,540,154

Under the Revised Corporation Code of the Philippines, a stock corporation can purchase or acquire its own shares provided that it has unrestricted retained earnings to cover the shares to be purchased or acquired. The equivalent amount of retained earnings is considered restricted. On March 29, 2020, the Company suspended its Share Buyback Program because the COVID-19 continues to spread. Management believes that the suspension is the prudent course of action given the uncertainty and challenges that may result from this pandemic (see Note 33.1).

20.4 Retained Earnings

The BOD approved the following cash dividend declarations in 2022, 2021 and 2020:

	Date of			
Amount Per Share	**Declaration**	**Record**	**Payment**	**Amount**
2022				
Preferred				
1.506575	Feb. 17, 2022	Feb. 28, 2022	Mar. 1, 2022	P 75,328,750
1.506575	Feb. 17, 2022	May 18, 2022	Jun. 1, 2022	75,328,750
1.506575	Feb. 17, 2022	Aug. 18, 2022	Sep. 1, 2022	75,328,750
1.506575	Feb. 17, 2022	Nov. 17, 2022	Dec. 1, 2022	75,328,750
1.375	Feb. 17, 2022	Apr. 26, 2022	May. 10, 2022	50,875,000
1.375	Feb. 17, 2022	Jul. 27, 2022	Aug. 10, 2022	50,875,000
1.375	Feb. 17, 2022	Oct. 24, 2022	Nov. 10, 2022	50,875,000
1.375	Feb. 24, 2021	January 27, 2023	Feb. 10, 2023	50,875,000
				504,815,000

	Date of			
Amount Per Share	**Declaration**	**Record**	**Payment**	**Amount**
2021				
Preferred				
1.506575	Feb. 16, 2021	Feb. 28, 2021	Mar. 1, 2021	P 75,328,750
1.506575	Feb. 16, 2021	May 18, 2021	Jun. 1, 2021	75,328,750
1.506575	Feb. 16, 2021	Aug. 18, 2021	Sep. 1, 2021	75,328,750
1.506575	Feb. 16, 2021	Nov. 18, 2021	Dec. 1, 2021	75,328,750
1.375	Feb. 24, 2021	Apr. 30, 2021	May. 10, 2021	50,875,000
1.375	Feb. 24, 2021	Jul. 30, 2021	Aug. 10, 2021	50,875,000
1.375	Feb. 24, 2021	Oct. 29, 2021	Nov. 10, 2021	50,875,000
1.375	Feb. 24, 2021	January 31, 2022	Feb. 10, 2022	50,875,000
				504,815,000
Common				
P0.20	Nov. 3, 2021	Nov. 17, 2021	Dec. 10, 2021	**1,103,598,144**
				P 1,608,413,144

Amount Per Share	Date of Declaration	Record	Payment		Amount
2020					
Preferred					
1.506575	Feb. 1, 2020	Feb. 17, 2020	Mar. 2, 2020	P	75,328,750
1.506575	Feb. 1, 2020	May 15, 2020	Jun. 1, 2020		75,328,750
1.506575	Feb. 1, 2020	Aug. 17, 2020	Sep. 1, 2020		75,328,750
1.506575	Feb. 1, 2020	Nov. 16, 2020	Dec. 1, 2020		75,328,723
				P	**301,314,973**

Cash dividends declared in 2022 were fully paid in the same year except for the 4th tranche of dividends of Preferred Shares Series B that was subsequently paid in February 10, 2023 amounting to P50.9 million (see Note 15).

Cash dividends declared in 2021 were fully paid in the same year except for the 4th tranche of dividends of Preferred Shares Series B that was subsequently paid in February 10, 2022 amounting to P50.9 million (see Note 15)

Cash dividends declared in 2020 were fully paid in the same year.

The Parent Company's retained earnings are restricted to the extent of the cost of the treasury shares as of the end of the reporting periods.

20.5 Capital Management

The primary objective of the Group's capital management is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Group establishes the appropriate capital structure for its business, and thus, allowing the necessary financial flexibility for its operations and providing sufficient cushion to absorb cyclical industry risks.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. It considers its total liabilities and equity as capital and is not subject to externally-imposed capital requirements.

The bonds require the Group to observe certain covenants, including, among others, maintenance of financial ratios, incurrence or guarantee of additional debt, encumbrance for borrowed money, and other covenants. These were complied with by the Group in 2022, 2021 and 2020.

21 REVENUES

The Group derives revenues from sale of real properties and hotel operations. An analysis of the Group's major sources of revenues is presented below.

	Notes	**2022**	2021	2020
Real estate				
Low-cost mass housing		**5,962,515,999**	7,673,376,555	6,022,729,985
Medium-rise condominium		**2,959,242,663**	2,477,874,471	2,333,869,428
High-rise condominium		**12,040,544,290**	9,177,083,514	5,724,589,757
Developed subdivision lots	1.2	**450,579,690**	1,004,509,302	87,878,750
		21,412,882,642	20,332,843,842	14,169,067,920
Hotel operations		**148,056,099**	11,095,465	56,374,445
Equity share in net profits of associate	11	**67,950,366**	13,214,510	-
Rental income	13,27,29	**7,782,638**	573,823	8,091,932
		21,636,671,745	20,357,727,640	14,233,534,297

As discussed in Note 2.14, the Group usually recognizes sale of real estate at a point in time. Recently, however, as discussed in Note 5, starting 2019, the Group has started offering sale of pre- completed real estate, which its newly acquired subsidiary, Genvi, also offers to its subdivision lots. Thus, the Group also recognizes revenue over time.

The breakdown of contract balances as of December 31, 2022 and 2021 is as follows:

	Notes	**2022**	2021
Contract assets	8	**74,030,402**	102,421,138
Contract liabilities	15	**(906,194,448)**	(907,747,727)
		(832,164,046)	(805,326,589)

A reconciliation of the movements of contract balances is shown below.

Contract Asset	**2022**	2021
Balance at beginning of the year	**102,421,138**	101,803,550
Contract assets during the year	**(28,390,736)**	617,588
Balance at end of year	**74,030,402**	102,421,138
Contract liabilities		
Balance at beginning of the year	**907,747,727**	907,651,521
Revenue recognized that was included in contract liabilities	**(1,553,279)**	-
Increase due to cash received excluding amount recognized as revenue during the year	**-**	96,206
	906,194,448	907,747,727

22 COST OF SALES AND SERVICES

Cost of sales and services consists of:

	Notes	2022	2021	2020
Cost of sales:	9			
Low-cost mass housing		**2,529,495,159**	3,194,306,032	3,097,145,425
Medium-rise condominium		**1,394,142,737**	1,169,556,713	1,136,779,013
High-rise condominium		**6,762,145,267**	5,255,452,773	3,096,873,935
Developed subdivision lots		**141,914,935**	424,742,995	35,788,937
		10,827,698,098	10,044,058,513	7,366,587,310
Cost of services:				
Hotel operations		**75,472,950**	9,743,084	43,007,933
Rental services		**423,269**	13,071	882,600
		75,896,219	9,756,155	43,890,533
		10,903,594,317	10,053,814,668	7,410,477,843

Construction costs include contractor's costs, professional fees, permits and licenses and capitalized borrowing costs.

23 OPERATING EXPENSES

Operating expenses consist of:

	Notes	2022	2021	2020
Commission		**790,234,194**	770,950,091	552,956,102
Taxes and licenses		**517,422,853**	286,735,397	423,049,775
Documentation	15	**488,398,203**	482,368,575	115,415,168
Expected credit and impairment losses	8, 14, 29	**413,300,244**	379,690,694	89,499,597
Salaries and employee benefits	26.1,29.2	**255,002,312**	154,591,456	117,588,171
Depreciation and amortization	12,13,14	**109,660,981**	96,794,315	95,699,129
Management and professional fees		**103,531,858**	54,219,681	54,401,847
Security, messengerial and janitorial	13	**88,847,144**	82,301,684	76,789,960
Repairs and maintenance		**63,559,786**	53,542,106	104,802,249
Communication, light and water	13	**61,347,104**	57,721,521	53,385,848
Entertainment, amusement and representation		**45,739,903**	25,066,558	24,751,889
Supplies		**29,443,101**	21,932,512	14,571,191
Transportation and travel	13	**28,015,908**	14,533,355	16,818,631
Insurance		**26,041,238**	16,078,789	15,377,868
Rent	27.1	**15,938,599**	2,752,663	4,174,520
Subscription dues and fees		**8,713,517**	5,014,822	9,647,932
Miscellaneous		**152,053,977**	186,223,695	52,901,330
		3,197,250,922	2,690,517,914	1,821,831,207

Commissions are payments to real estate brokers and agents in connection with its real estate transaction.

Documentation expenses consist of certification fees, registrations fees, tax clearances and other related expenses incurred in the processing of real estate inventories sales and transfer of titles to the buyers.

Miscellaneous include penalties paid to Bureau of Internal Revenue, out-of-pocket expenses, hospitalization bills, assistance to employee, minor expense like meals allowance & petty cash transactions.

24 FINANCE COSTS

This consists of:

	Notes	2022	2021	2020
Interest expense on:				
Loans payable	17	**1,872,653,254**	1,589,903,131	1,210,815,497
Bonds	19	**21,672,447**	38,053,579	451,160,309
Notes payable	18	**15,187,500**	41,940,000	6,867,737
Amortization of debt issue costs	19	**658,476**	1,156,954	20,930,305
Lease liabilities	27	**1,601,953**	1,326,139	1,053,421
Interest on pension obligation	26.2	**707,832**	521,081	580,854
Bank charges		**464,656**	127,018	673,002
		1,912,946,118	1,673,027,902	1,692,081,125

25 OTHER OPERATING INCOME AND OTHER GAINS

25.1 Other Operating Income

This consists of:

	Notes	2022	2021	2020
Other Operating Income				
Interest income from:				
Instalment contract and finance lease receivables	8	**1,746,159,730**	1,230,962,525	785,037,469
Cash in banks and short-term				0
Placements	7	**1,582,658**	1,959,842	2,213,113
Loans receivable	8	**63,512,550**	63,512,550	63,582,293
Penalties		**16,064,940**	29,749,830	32,500,715
Gain on repossession	9	**520,391,151**	121,459,771	228,979,046
Miscellaneous income		**409,388,171**	275,944,857	525,008,095
		2,757,099,200	1,723,589,375	1,637,320,731

Miscellaneous income mainly includes retrieval fee, commission fees received from an electric company, association dues, transfer fee, and rebates from an insurance company. It also includes revenues from the use of the rooms allocated to the unsold ALRC preferred shares (see Note 10).

25.2 Other Gains

Other gain/loss in 2022 and 2021 pertain to the Redemption of Bonds earlier than the redemption period amounting to loss of P6,592,275 and pertains on disposal of AFS securities with proceeds amounting to P 4,456,599 resulting to gain of P 3,322,025 (see Note 10), respectively.

26 EMPLOYEE BENEFITS

26.1 Salaries and Employee Benefits Expense

The details of salaries and employee benefits are presented below.

	Notes	**2022**	2021	2020
Short-term employee benefits		**252,353,936**	151,126,441	113,541,570
Post-employment benefits	26.2	**2,648,376**	3,465,015	4,046,601
		255,002,312	154,591,456	117,588,171

26.2 Post-employment Benefits

(a) 8990 Holdings and Genvi

In 2022, 2021 and 2020, 8990 Holdings has unfunded, noncontributory, defined benefit pension plans covering substantially all of its regular employees.

While in 2022, Genvi recognized unfunded, noncontributory, defined benefit pension plans covering substantially all of its regular employees. Under its pension plans, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The benefits are based on the projected pension benefit of 22.5 days' pay per year service in accordance with RA 7641, *Retirement Pay Law*. The benefits are based on current salaries and years of service and compensation on the last year of employment. There is no contribution made by 8990 Holdings during the year.

(b) 8990 HDC, FHI, and 8990 LHDC

In 2021, FHI and 8990 LHDC transferred its employees and accordingly the related plan assets and liabilities were assumed by 8990 HDC. Accordingly,

In 2020, 8990 HDC, FHI and 8990 LHDC have funded, noncontributory, defined benefit pension plan covering substantially all of their regular employees. The benefits are based on the projected pension benefit of 22.5 days' pay per year service in accordance with RA 7641. The benefits are based on current salaries and years of service and compensation on the last year of employment. An independent actuary, using the projected unit credit method, conducts an actuarial valuation of the pension benefit obligation.

The defined benefit plan is administered by a third party trustee bank (the Trustee).

The Trustee is responsible for the general administration of the pension plan and the management of the plan assets. The Trustee may seek advice of counsel and appoint an investment manager or managers to manage the plan assets. As the administrator of the pension plan, the Trustee is responsible for the ultimate control, disposition, or management of the money received or contributed.

The respective Companies have yet to formalize its investment policy and risk management procedures for the pension plan. Currently, the assets of the pension plan are composed of securities issued by the Philippine government and placements in banks.

The pension plan exposes the Group to actuarial risks, such as longevity risk, and market (investment) risk. There are no unusual or significant risks to which the pension plan exposes the Group. However, in the event a benefit claim arises under the pension plan and the plan assets are not sufficient to pay the benefit, the unfunded portion of the claim shall immediately be due and payable from the Group to the pension plan.

The cost of defined benefit pension plans, as well as the present value of the defined benefit obligation, is determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining the net pension liability for the defined benefit plans are shown below.

	2022	2021	2020
Discount rates			
FHI	**-**	3.86%	3.86%
8990 HDC	**3.72%**	3.72%	3.72%
8990 LHDC	**-**	3.88%	3.88%
8990 Holdings	**3.94%**	3.94%	3.94%
Genvi	**3.90%**	3.90%	-
Salary increase rates			
FHI	**-**	3.50%	3.50%
8990 HDC	**3.50%**	3.50%	3.50%
8990 LHDC	**-**	3.50%	3.50%
8990 Holdings	**3.50%**	3.50%	3.50%
Genvi	**3.50%**	3.50%	-

The composition of plan assets by class as at the end of the reporting period is as follows:

	2022	**2021**	2020
Cash	**56,249**	80,783	699
Equity instruments	**10,000,000**	10,100,000	10,200,000
Investment securities:		697,398	-
Government securities	**3,029,669**	1,491,719	-
Unit investment trust fund (UITF)	**2,220,317**	- 2,379,994	- 4,104,411
Others	**-**	-	-
	15,306,235	14,749,894	14,305,110

Equity instruments and government securities are quoted instruments, while UITFs have prices published in available markets. These instruments are carried at fair value which are determined based on quoted market prices in active markets, hence, classified as Level 1 in the fair value hierarchy.

Plan assets do not comprise of any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

The Group does not expect that any reasonably possible changes to the assumptions used to calculate the defined benefit obligation as of the end of the reporting period would have a significant impact on the Group's net pension liability.

The Group does not expect to contribute to its pension plan in 2022. Shown below is the maturity analysis of the undiscounted benefit payments:

	2022	2021	2020
Less than 1 year	**5,332,900**	4,712,438	429,893
More than 1 year to 5 years	**5,653,099**	4,735,065	8,130,307
More than 5 years to 10 years	**8,750,216**	10,644,551	4,849,475

The average duration of the defined benefit obligation at the end of the reporting period is 16 years, 18 years and 18 years in 2022, 2020 and 2019, respectively.

-

Changes in the carrying amount of retirement benefit obligation of the Group are as follows:

2022

	Net benefit cost in consolidated statement of Profit or loss				Remeasurements in other comprehensive income						
	January 1,2022	**Current service cost**	**Net interest** (see Note 24)	**Subtotal**	**Return on plan assets (excluding amount included in net interest)**	**Actuarial changes arising from changes in demographic assumptions**	**Actuarial changes arising from changes in financial assumptions**	**Experience adjustments**	**Subtotal**	**Transferred Obligation**	**December 31, 2022**
Present value of defined benefit obligation	P 28,926,200	**P** 2,648,376	P 1,443,852	**P 33,018,428**	**P -**	**P** (192,161)	**P** (1,983,247)	**P** -	**P (2,175,408)**	**P -**	**P 30,843,020**
Fair value of plan assets	14,749,894	-	736,020	**15,485,914**	(179,679)	**-**	**-**	**-**	**(179,679)**	**-**	**15,306,235**
Net defined benefit obligation	**P 14,176,306**	**P 2,648,376**	**P 707,832**	**P 17,532,514**	**P (179,679)**	**P (192,161)**	**P (1,983,247)**	**P -**	**P (1,995,729)**	**P -**	**P 15,536,785**

2021

	Net benefit cost in consolidated statement of Profit or loss				Remeasurements in other comprehensive income						
	January 1,2021	Current service cost	Net interest (see Note 24)	Subtotal	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Subtotal	Transferred Obligation	December 31, 2021
Present value of defined benefit obligation	P 31,060,915	P 3,465,015	P 1,024,568	P 35,550,498	P -	P 143,018	P (12,341,114)	P 5,684,595	P (6,513,501)	P (110,797)	P 28,926,200
Fair value of plan assets	14,305,110	-	503,487	14,808,597	(58,703)	-	-	-	(58,703)		14,749,894
Net defined benefit obligation	P 16,755,805	P 3,465,015	P 521,081	P 20,741,901	P (58,703)	P 143,018	P (12,341,114)	P 5,684,595	P (6,572,204)	P (110,797)	P 14,176,306

2020

	Net benefit cost in consolidated statement of Profit or loss				Remeasurements in other comprehensive income					
	January 1,2020	Current service cost	Net interest (see Note 24)	Subtotal	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Subtotal	December 31, 2020
Present value of defined benefit obligation	P 24,942,788	P 4,046,601	P 1,252,940	P 30,242,329	P -	P -	P 1,577,700	P (759,114)	P 818,586	P 31,060,915
Fair value of plan assets	13,334,056	-	672,086	14,006,142	298,968	-	-	-	298,968	14,305,110
Net defined benefit obligation	P 11,608,732	P 4,046,601	P 580,854	P 16,236,187	(P 298,968)	P -	P 1,577,700	P (759,114)	P 1,117,554	P 16,755,805

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

The Group's net defined benefit obligation of P15.5 million, P14.2 million and P16.8 million, as of December 31, 2022, 2021 and 2020, respectively, is included as Retirement benefit obligation in the Trade and Other Payables in the Group's consolidated statements of financial position (see Note 15)

27 LEASES

27.1 The Group as a Lessee

The Parent Company has an existing non-cancellable operating lease as a lessee covering its office premises with a term of one year and renewable annually. In 2020, the Parent Company renewed the lease for another year. In 2021, the lease was renewed for three years and recognized as a new lease contract per Note 27.4.

In 2014, 8990 Holdings entered into another non-cancellable operating lease as a lessee covering a corporate suite for a term of one year; expiring on June 22, 2015 which was renewed and expired in September 2016. It was no longer renewed but 8990 HDC took over the lease within a term expiring on June 21, 2017 with renewal option. In 2022, 8990 Monterrazas Corporation renewed the lease for another year.

FHI, 8990 HDC and 8990 LHDC entered into separate non-cancellable lease agreements for their office and parking spaces. Except for 8990 LHDC, the Group's lease periods ranges from two to three years, which are renewable thereafter upon mutual agreement of both parties. The lease of 8990 LHDC is renewable annually upon mutual agreement of the contracting parties.

The future minimum rentals payable under these operating leases as of December 31, 2022 are as follows:

Within one-year	P	24,437,240
After one year but not more than three years		2,701,916
	P	27,139,156

27.2 The Group as a Lessor – Operating Lease

8990 HDC owns a building and a portion of it is currently leased to a third party which is covered by an operating lease contract for a period of 10 years starting 2007 Rent income recognized by 8990 HDC amounted to P2.4 million, P0.6 million and P 5.5 million in 2022, 2021 and 2020, respectively (see Notes 13 and 21).

In 2014, FHI and 8990 HDC entered into a contract of lease with ALRC on the land where the building and improvements sold to ALRC are constructed. The contract of lease provides a lease term of 50 years, with an annual rent of P5.0 million for the first 10 years. After 10 years, the lease rate shall increase to a rate agreed by both parties. However, on October 23, 2018, 8990 HDC and ALRC agreed to pre-terminate the contract of lease. Rent income recognized by FHI amounted to P 5.4 million, nil and P 2.1 million in 2022, 2021 and 2020, respectively (see Notes 13 and 21).

In 2018, 8990 LHDC leased out its investment properties to another third party, for a period of three years with provision for automatic annual renewal unless formally terminated by either party. No rent income was received for both years in 2022 and 2021. Rent income received amounted to P 520 thousand in 2020.In 2022, the contract was not renewed.

Future minimum lease receivables under non-cancellable operating leases are as follows:

	2022	2021	2020
Less than one year	**4,464,286**	4,464,286	5,904,286
More than one year but not more than two years	**4,464,286**	4,464,286	4,464,286
More than two years but not more than three years	**4,464,286**	4,464,286	4,464,286
More than three years but not more than four years	**4,464,286**	4,464,286	4,464,286
More than four years but not more than five years	**4,464,286**	4,464,286	4,464,286
More than five years	**153,917,856**	158,382,142	162,846,428
	176,239,286	180,703,572	186,607,858

27.3 The Group as a Lessor – Finance Lease

The Group also entered into a finance lease covering the real estate inventories with a lease term of 15 years. To manage its risks over these finance leases, the Group retains its legal title over the underlying assets, and are used as securities over the finance lease receivables. Future minimum lease payments receivable (MLPR) are as follow:

	2022	2021	2020
Less than one year	**P 152,820,000**	P 152,820,000	P 152,820,000
More than one year but not more than two years	**152,820,000**	152,820,000	152,820,000
More than two years but not more than three years	**152,820,000**	152,820,000	152,820,000
More than three years but not more than four years	**152,820,000**	152,820,000	152,820,000
More than four years but not more than five years	**152,820,000**	152,820,000	152,820,000
More than five years	**134,820,000**	287,640,000	440,460,000
	P 898,920,000	P 1,051,740,000	P 1,204,560,000

27.4 Right-of-use assets/Lease Liabilities

The Group has leases for its office space and parcel of land. With the exception of short-term leases, each lease is reflected in the consolidated statement of financial position under Other non-current assets as a right-of-use asset and a lease liability under Trade and other payables.

a. Right-of-use assets

Cost	**2022**	2021	2020
Beginning balance	**41,796,476**	29,538,152	12,915,135
New lease contract	**19,040,186**	25,917,087	16,623,017
Retirement	**-**	(13,658,763)	-
Lease modifications	**-**	-	-
Ending balance	**60,836,662**	41,796,476	29,538,152
Amortization			
Beginning balance	**18,013,709**	18,164,166	8,042,834
Current provision	**14,206,281**	13,508,306	10,121,332
Retirement	**-**	(13,658,763)	-
Ending balance	**32,219,990**	18,013,709	18,164,166
Carrying values	**28,616,672**	23,782,767	11,373,986

Amortization of right-of-use assets is presented as of part of Depreciation and amortization under the operating expense (see Note 23). Based on the impairment review of the assets, the Group believes that there is no impairment loss that occurred on its right-of-use assets as at December 31, 2022 and 2021.

b. Lease liabilities

	2022	2021	2020
Beginning balance	**24,319,154**	11,639,791	5,062,892
Addition	**21,898,461**	27,099,605	17,693,493
Accretion of interest	**(1,601,953)**	(1,326,139)	(1,053,421)
Payments	**(15,781,559)**	(13,094,103)	(10,063,173)
Ending balance	**28,834,103**	24,319,154	11,639,791

Lease liabilities are presented in the statement of financial position as follows:

	2022	2021	2020
Current	**11,951,066**	10,624,614	8,364,332
Non-current	**16,883,037**	13,694,540	3,275,459
Ending balance	**28,834,103**	24,319,154	11,639,791

Maturity Analysis:

	2022	2021	2020
Not less than 1 year	**11,951,066**	10,624,614	8,364,332
Later than 1 year and not later than 5 years	**16,883,037**	13,694,540	3,275,459
Ending balance	**28,834,103**	24,319,154	11,639,791

28. INCOME TAXES

28.1 Current and Deferred Taxes

The components of income tax expense reported in profit or loss consists of:

	2021	2021	2020
Current:			
Regular corporate income Tax	**380,533,210**	228,103,052	147,263,485
Minimum corporate income Tax	**426,896**	2,039,599	1,538,572
CREATE Adjustment	**-**	(13,645,177)	-
Final tax	**282,601**	268,248	295,115
	381,242,707	216,765,722	149,097,172
Deferred:			
Deferred tax expense (income)	**404,828,254**	233,069,049	(31,194,172)
CREATE Adjustment	**-**	(810,447)	-
	404,828,254	232,258,602	(31,194,172)
	786,070,961	449,024,324	117,903,000

On March 26, 2021, the President signed into law the Republic Act (RA) 11534, also known as "Corporate Recovery and Tax Incentives for Enterprises Act or "CREATE" Act which reduced the corporate income tax rates and rationalized the current fiscal incentives by making it time bound, targeted and performance – based. CREATE Act introduces reforms in the areas of corporate income tax, value – added tax, and tax incentives, aside from providing COVID – 19 reliefs to taxpayers.

The salient provisions of the Create Act applicable to the Company are as follow:

1. Effective July 1, 2020, domestic corporation with total assets not exceeding P100 million and taxable income of P5 million and below shall be subject to 20% income tax rate while the other domestic corporations and resident foreign corporations will be subject to 25% income tax rate.
2. Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020, to June 30, 2023;
3. The imposition of improperly accumulated earnings is repealed.

The effects of the changes computed without regard to the specific date when specific revenue, expenses and other transactions occur as provided for under Section 27 (A) of the CREATE Act was adjusted in 2021. Final taxes paid at the rate of 20.0% on peso-denominated cash in banks, which is a final withholding tax on gross interest income.

The NIRC of 1997 also provides for rules on the imposition of MCIT of 2.0% on gross income as of the end of the taxable year beginning on the fourth taxable year immediately following the taxable year in which the entities in the Group commenced its business operations. Any excess MCIT over the RCIT can be carried forward on an annual basis and credited against the RCIT for the three immediately succeeding taxable years.

A reconciliation of the Group's statutory income tax rate to effective income tax rate is presented below.

	2022	**2021**	2020
Statutory income tax rate	**25.00%**	**25.00%**	30.00%
Tax effects of:			
Income under income tax holiday	**(6.65%)**	**(6.94%)**	(22.52%)
Income subject to lower rate	**.00%**	**.00%**	.01%
Change in unrecognized deferred tax assets	**1.34%**	**1.32%**	0.03%
Non-taxable income	**-5.14%**	**-5.61%**	-8.66%
Non-deductible expenses	**2.14%**	**0.57%**	0.80%
Income subjected to final tax	**-0.22%**	**-0.00%**	-0.09%
Others	**-0.88%**	**-12.15%**	0.00%
CREATE Adjustment	**0.08%**	**0.08%**	-
Tax expense	**15.60%**	**2.28%**	-0.44%

The Group recognized net deferred tax liabilities as follows:

	2022	2021
Deferred tax liabilities on:		
Excess of FV over cost of acquired Subsidiary	**868,868,816**	848,577,597
Excess of accounting basis over tax basis of deferred gross profit on real estate sales	**10,252,620**	229,201,770
Unrealized Gross Profit	**1,039,975,270**	268,048,355
Commission	**10,936,869**	10,940,694
CREATE Law Adjustment	**-**	(34,149,143)
	1,930,033,575	1,322,619,273
Deferred tax assets on:		
Allowance for impairment loss	**242,948,732**	178,975,067
Excess of accounting basis over tax basis of deferred gross profit on real estate sales	**62,658,939**	-
Accrued expenses	**30,108,124**	39,876,752
NOLCO	**27,499,586**	18,373,265
Customers' deposits	**1,830,124**	1,830,124
Effect of PFRS 16	**368,857**	189,092
RBO	**3,859,920**	3,999,945
CREATE Law Adjustment	**-**	(33,338,696)
	369,274,282	209,905,549
Net DTL	**1,560,759,293**	1,112,713,723

The components of net deferred tax expense (benefit) reported in the consolidated statements of profit or loss are as follows:

	2022	**2021**	2020
Allowance for impairment losses	**(90,128,896)**	**107,464,064**	(53,431,450)
Share in earnings of associate	**16,987,591**		
Excess of accounting basis over tax basis of deferred gross profit on real estate sales	**(42,836,261)**	**(10,719,823)**	26,225,811
Commission	**6,443,742**	**42,013,109**	(36,674,049)
Customers' deposits	**-**	**(366,025)**	-
Application of excess MCIT over RCIT	**-**	**-**	-
Effect of PFRS 16	**(67,592)**	**128,074**	(26,419)
NOLCO	**1,301,774**	**7,486,921**	7,592,611
Accrued expenses	**6,091,690**	**(128,231,435)**	103,499,060
Unrealized gross profit	**507,350,900**	**(251,709,076)**	(16,339,279)
Retirement benefit obligation	**(314,693)**	**865,141**	347,887
CREATE Law Adjustment	**-**	**810,447**	
	404,828,255	**(232,258,603)**	(31,194,172)

The Parent Company, ERDC, and RLC did not recognize deferred tax assets on the following temporary differences since management believes that it is not probable that the related benefits will be realized in the future:

	2022	2021	2020
NOLCO	**P 619,127,525**	P 1,142,978,902	P 1,770,415,407
MCIT	**2,281,563**	2,927,178	2,630,638
Impairment Loss	**16,354,832**	1,512,419	3,450,000
Foreign exchange loss	**-**	-	5,872
Excess of depreciation and interest expense over lease payments	**38,826**	67,921	-
	P 637,802,746	P 1,147,486,420	P 1,776,507,917

Details of the Group's NOLCO, which are mostly that of the Parent Company, follow:

Year Incurred	Amount	Expired/Used	Balance	Expiry Year
2022	P 69,645,864	-	P 69,645,864	2025
2021	78,044,930	(18,512,298)	59,532,632	2026
2020	493,247,456	(3,298,428)	489,949,028	2025
2019	609,818,698	(609,818,698)	-	2022
	P 1,250,756,949	(P 631,629,424)	P 619,127,525	

The NIRC of 1997 allows each of the entities in the Group to deduct from taxable income their respective NOLCO within three years from the time it was incurred. NOLCO for 2021 and 2020 amounted to P59,532,632 (net of used of P 18,512,298) and P 489,949,028 (net of used of P 3,298,428), respectively, which will expire in 2026 and 2025, respectively, can be applied for five years instead of three years, in compliance with Revenue Regulation No. 25-2020 (issued last September 28, 2020) "*Notwithstanding the provision of existing laws to the contrary, the net operating loss of the business or enterprise for the taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive years immediately following the year of such loss; Provided that this subsection shall remain in effect even after the expiration of Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act;*".

RA 9504, *An Act Amending the NIRC of 1997*, provides that an optional standard deduction (OSD) equivalent to 40.0% of gross income may be claimed as an alternative deduction in computing for the RCIT. The entities in the Group did not claim OSD in lieu of the itemized deductions.

28.2 Registration with Board of Investments (BOI)

The Group has registered the following projects with the BOI under the Omnibus Investments Code of 1987 (Executive Order No. 226) as of December 31, 2022:

Project Name	Reg. No.	Date Registered	ITH Period	Registered Activity
Deca Homes Minglanilla Subdivision Phase 3	2008-158	July 14, 2008	4 years	Developer of Low-cost Mass Housing Project
Deca Homes Minglanilla Subdivision Phase 4	2008-159	July 14, 2008	4 years	Developer of Low-cost Mass Housing Project
Deca Homes Mandaue Prime	2008-309	November 14, 2008	4 years	Developer of Low-cost Mass Housing Project
Deca Homes Mactan 3	2008-315	November 20, 2008	4 years	Developer of Low-cost Mass Housing Project
Deca Homes Resort Residences	2009-038	May 4, 2009	4 years	Developer of Low-cost Mass Housing Project
Deca Homes Minglanilla Homes	2009-082	June 19, 2009	4 years	Developer of Low-cost Mass Housing Project
Deca Homes Nothfield Estates	2009-157	November 11, 2009	4 years	Developer of Low-cost Mass Housing Project
Deca Homes Talisay	2009-193	December 17, 2009	4 years	Developer of Low-cost Mass Housing Project
Deca Homes Minglanilla Subdivision Phase 5	2010-003	January 8, 2010	3 years	Developer of Low-cost Mass Housing Project
Deca Homes Minglanilla Subdivision Phase 6	2010-004	January 8, 2010	3 years	Developer of Low-cost Mass Housing Project
Savannah Green Plains Phase 3	2010-068	March 22, 2010	3 years	Expanding Developer of Low-cost Mass Housing Project
Deca Homes Mactan 4	2010-127	July 13, 2010	4 years	Developer of Low-cost Mass Housing Project
Deca Homes Pavia	2010-128	July 13, 2010	4 years	Developer of Low-cost Mass Housing Project
Deca Homes Esperanza	2011-009	January 10, 2011	4 years	Developer of Low-cost Mass Housing Project
Deca Homes Mactan 5	2011-008	January 10, 2011	4 years	New Developer of Low-cost Mass Housing Project
Deca Homes Resort Residences Phase 10	2011-007	January 10, 2011	3 years	Developer of Low-cost Mass Housing Project
Bon Giorno Homes Subdivision	2011-035	February 8, 2011	4 years	New Developer of Low-cost Mass Housing Project
Deca Homes Resort Residences Phase 8-A	2011-119	July 5, 2012	3 years	Developer of Low-cost Mass Housing Project
Deca Homes Resort Residences Phase 8-B	2011-120	July 5, 2012	3 years	Developer of Low-cost Mass Housing Project
Deca Homes Resort Residences Phase 8-C	2012-121	July 5, 2012	3 years	Developer of Low-cost Mass Housing Project
Azalea Baguio Residences	2012-174	August 22, 2012	4 years	New Operator of Tourist Accommodation Facility - Apartment Hotel
Bella Vista Subdivision	2013-049	February 18, 2012	4 years	New Developer of Low-cost Mass Housing Project
Urban Homes Tipolo Condominium	2013-062	March 8, 2013	3 years	New Developer of Low-cost Mass Housing Project
Deca Clark Residences & Resort Phase 5&6	2013-213	October 29, 2013	3 years	New Developer of Low-cost Mass Housing Project
Deca Homes Resort Residences Phase 9	2014-109	July 22, 2014	3 years	Expanding Developer of Low-cost Mass Housing Project
Deca Homes Indangan Phase 1	2014-128	August 15, 2014	4 years	New Developer of Low-cost Mass Housing Project
Deca Homes Resort Residences Phase 12	2014-129	August 15, 2014	3 years	Expanding Developer of Low-cost Mass Housing Project
Deca Homes Baywalk - Talisay II	2014-172	October 8, 2014	3 years	Expanding Developer of Low-cost Mass Housing Project

Project Name	Reg. No.	Date Registered	ITH Period	Registered Activity
Deca Homes Resort Residences Executive	2014-174	October 9, 2014	3 years	Expanding Developer of Low-cost Mass Housing Project
Deca Homes Pavia Phase 2	2014-189	October 28, 2014	3 years	Expanding Developer of Low-cost Mass Housing Project
Deca Homes Indangan Phase 2	2014-190	October 18, 2014	3 years	New Developer of Low-cost Mass Housing Project
Urban Deca Homes Tisa	2015-200	September 28, 2015	3 years	New Developer of Economic And Low-Cost Housing Project
Deca Homes Our Lady of Guadalupe	2015-201	September 28. 2015	3 years	New Developer of Economic and Low-Cost Housing Project
Deca Homes Pavia Resort Residences	2015-202	September 28, 2015	4 years	New Developer of Economic and Low-Cost Housing Project
Urban Deca Homes Campville	2015-234	September 28, 2015	3 years	Developer of Low-cost Mass Housing Project
Marseilles Subdivision	2015-235	November 2, 2015	4 years	New Developer of Economic and Low-Cost Housing Project
Deca Clark Residences & Resort Phase 3&4	2015-236	November 3, 2015	3 years	Expanding Developer of Economic and Low-Cost Housing Project
Deca Clark Residences & Resort Phase 7&8	2015-237	November 3, 2015	3 years	Expanding Developer of Economic and Low-Cost Housing Project
Deca Homes Resort Residences Prime	2015-273	December 14, 2015	3 years	New Developer of Economic and Low-Cost Housing Project
Deca Homes Baywalk - Talisay III	2016-205	October 4, 2016	3 years	Expanding Developer of Low-cost Mass Housing Project
Urban Deca Homes H. Cortes	2016-206	October 4, 2016	3 years	New Developer of Economic and Low-Cost Housing Project
Urban Deca Homes Hampton	2016-254	December 14, 2016	4 years	New Developer of Economic and Low-Cost Housing Project
Urban Deca Homes Manila	2017-004	January 4, 2017	3 years	New Developer of Economic and Low-Cost Housing Project
Deca Homes Mulig	2017-264	September 11, 2017	4 years	New Developer of Economic and Low-Cost Housing Project
Deca Homes Pavia Resort Residences Phase 2	2017-291	October 25, 2017	3 years	Expanding Developer of Economic and Low-Cost Housing Project
Urban Deca Homes Marilao Subd	2017-336	December 13, 2017	4 years	New Developer of Economic and Low-cost Housing Project
Urban Deca Homes Mahogany	2017-337	December 13, 2017	4 years	New Developer of Economic and Low-Cost Housing Project
Urban Deca Homes Marilao	2017-337	February 8, 2018	4 years	New Developer of Economic and Low-Cost Housing Project
Urban Deca Homes South Bacolod	2017-337	March 13, 2018	4 years	New Developer of Economic and Low-Cost Housing Project
Dec Hones Gensan 1	2018-054	March 13, 2018	4 years	New Developer of Economic and Low-Cost Housing Project
Deca Homes Ormoc Gregoria Residences	2019-262	December 4, 2019	4 years	New Developer of Economic and Low-Cost Housing Project
Deca Homes Sta. Barbara Resort Residences	2018-276	December 18, 2018	4 years	New Developer of Economic and Low-Cost Housing Project
DECA Clark Residences & Resort Phase 9,10&11	2018-055	March 13, 2018	4 years	New Developer of Economic and Low-cost
Urban Deca Homes Marilao Phase 2B	2017-291	March 12, 2020	3 years	Expanding Developer of Economic and Low-Cost Housing Project

Deca Homes Meycauayan	2020-048	March 12, 2020	4 years	New Developer of Economic and Low-cost Housing Project
Deca Homes Talmo Phase 1 and Phase 2	2020-045	March 12, 2020	4 years	New Developer of Economic and Low-Cost Housing Project
Urban Deca Homes Marilao Phase 2A	2020-046	March 12, 2020	3 years	Expanding Developer of Economic and Low-Cost Housing Project
Urban Deca Homes Banilad – Tower 1,2,3	2020-138	August 24, 2020	4 years	New Developer of Economic and Low-Cost Housing Project
Deca Clark Resort Residences and Resort Phase 12	2020-166	September 14, 2020	3 years	Expanding Developer of Economic and Low-Cost Housing Project

Pursuant to the above registrations, the Group had been granted income tax holiday (ITH) or a period of three to four years from the date of registration or actual start of commercial operation, whichever is earlier, subject to certain conditions. Interest income from in-house financing is not covered by ITH.

The Group shall be entitled to ITH provided that it maintains a 75:25 debt-equity ratio as required by the BOI. In the event that the Group fails to maintain the ratio requirement, the Group shall present evidence that the construction of housing units have been completed and delivered to the buyers prior to the availment of ITH; otherwise, the Group shall not be entitled to ITH and shall be required to refund any capital incentives availed.

The Group's debt-to-equity ratios per subsidiary that has BOI-registered projects is as follows:

	8990 HDC		8990 LHDC		DHDC	
	2022	2021	**2022**	2021	**2022**	2021
Total liabilities	**48,580,600,968**	39,047,396,053	**1,398,235,325**	1,707,582,396	**562,165,444**	609,561,912
Total equity	**28,856,041,334**	26,016,164,074	**3,372,005,397**	3,292,862,316	**810,280,800**	755,910,616
Debt equity ratio	**63:37**	60:40	**29:71**	34:66	**41:59**	45:55

	THC		FHI		PLI	
	2022	2021	**2022**	2021	**2022**	2021
Total liabilities	**6,517,590,548**	5,721,960,157	**904,740,923**	1,083,097,757	**2,946,341,364**	1,876,683,016
Total equity	**12,001,524,350**	10,565,913,325	**3,422,016,142**	3,259,616,979	**2,655,121,959**	1,751,092,513
Debt equity ratio	**35:65**	35:65	**21:79**	25:75	**53:47**	52:48

The Group is in compliance with BOI's required ratio as of the end of each reporting period.

29. RELATED PARTY TRANSACTIONS

The Group has entered into transactions with related parties principally consisting of cash advances and reimbursement of expenses. Settlement of outstanding balances of advances is made through cash or offsetting as maybe agreed by the parties. As of December 31, 2022, 2021 and 2020, the Group recognized allowance for credit losses relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party through liquidity approach and considered time value of money as well as the market in which the related party operates [see Note 4.1(a)(iii)].

29.1 Related Party Transactions and Outstanding Balances

The summary of the Group's transactions and the related outstanding balances with related parties is presented below and in the succeeding page.

2022

Category	Amount of Transactions	Outstanding Balance	Terms and Conditions
Stockholders			
Due from related parties	**203,562,593**	**323,714,322**	Noninterest-bearing, payable on demand, unsecured, net of allowance for credit loss
Due to related parties	**(207,206,419)**	**(234,437,534)**	Noninterest-bearing, payable on demand, unsecured
Dividends	**(504,815,000)**	**50,875,000**	Cash dividends declared by Parent Company (See Note 20)
Entities under common control			
Due from related parties	**511,987,686**	**1,720,887,161**	Noninterest-bearing, payable on demand, unsecured, net of allowance for credit loss
Due to related parties	**(395,927)**	**(55,022,663)**	Noninterest-bearing, payable on demand, unsecured
Rental income	**9,091,636**	**-**	See Notes 13 and 27
Key management personnel			
Compensation	**31,736,344**	**-**	
Plan assets		**15,306,235**	See Note 26

2021

Category	Amount of Transactions	Outstanding Balance	Terms and Conditions
Stockholders			
Due from related parties	(129,262,088)	120,151,729	Noninterest-bearing, payable on demand, unsecured, net of allowance for credit loss
Due to related parties	(3,869,541)	(27,231,115)	Noninterest-bearing, payable on demand, unsecured
Dividends	(1,608,413,144)	50,875,000	Cash dividends declared by Parent Company (See Notes 20 and 8)
Entities under common control			
Due from related parties	263,669,343	1,208,899,475	Noninterest-bearing, payable on demand, unsecured, net of allowance for credit loss
Due to related parties	155,497,701	(54,626,736)	Noninterest-bearing, payable on demand, unsecured
Rental income	573,823	-	See Notes 13 and 27
Key management personnel			
Compensation	17,844,004	-	
Plan assets		14,749,894	See Note 26

2020

Category	Amount of Transactions	Outstanding Balance	Terms and Conditions
Stockholders			
Due from related parties	70,954,974	249,413,817	Noninterest-bearing, payable on demand, unsecured, net of allowance for credit loss
Due to related parties	-	(23,361,574)	Noninterest-bearing, payable on demand, unsecured
Dividends	(301,314,973)		Cash dividends declared by Parent Company
Entities under common control			
Due from related parties	127,139,880	945,230,132	Noninterest-bearing, payable on demand, unsecured, net of allowance for credit loss
Due to related parties	(150,900,668)	(210,124,437)	Noninterest-bearing, payable on demand, unsecured
Rental income	8,091,932	-	See Notes 13 and 27
Key management personnel			
Compensation	30,125,662	-	
Plan assets	-	14,305,110	See Note 26

Other related parties are entities owned and controlled by the certain shareholders of the Group which are considered related to the Group by virtue of common ownership and control.

The details of the Group's due from related parties are presented below.

	2022	2021	2020
Balance at beginning of year, net of allowance	**1,329,051,204**	1,194,643,949	996,549,094
Cash advances provided	**900,335,484**	307,115,403	226,611,554
Collections	**(35,342)**	(129,262,088)	(28,516,700)
Provision for credit losses	**(184,749,863)**	(43,446,060)	-
	2,044,601,483	1,329,051,204	1,194,643,949

A reconciliation of the allowance for credit losses at the beginning and end of the year is shown below.

	2022	2021	2020
Balance at beginning of year	**200,885,878**	157,439,818	157,439,818
Impairment losses during the year	**184,749,863**	70,809,058	-
Recovery	**-**	(27,362,998)	-
	385,635,740	200,885,878	157,439,818

The expected credit losses recognized is presented as part of Expected credit loss and impairment losses under Operating Expenses (see Note 23).

8990 HDC entered into an agreement with 8990 Commercial Management Corporation (8990 CMC), an entity owned by a major stockholder, wherein the investment property of the former will be used, managed and maintained by the latter. Any income generated by and any expenses related to the property shall be for the account of 8990 CMC (see Note 13).

The Group shoulders the administrative/accounting cost of certain other related parties at no cost.

29.2 Key Management Compensation

The key management personnel of the Group include all directors, executive, and members of senior management. The compensation and short-term benefits of key management personnel amounted to P31.7 million, P17.8 million and P30.13 million in 2022, 2021 and 2020, respectively (see Note 23). Post-employment benefits of key management personnel amounted to P0.8 million, P 1.0 million and P1.0 million in 2022, 2021 and 2020, respectively.

30. COMMITMENTS, PROVISIONS AND CONTINGENCIES

30.1Provisions and Contingencies

In the normal course of business, the Group is involved in various commitments wherein contingencies are also involved. In the opinion of the management, such contingencies will not have a material effect on the Group's consolidated financial statements. Nevertheless, there were certain provisions for probable losses in 2022, 2021 and 2020, respectively, that were recognized by the Group. Total provisions for probable losses recognized as at December 31, 2022, 2021 and 2020 amounted to P56.1 million, P56.1 million and P 61.9 million and are presented as part of Others in Trade and Other Payables (see Note 15). The details of these provisions were not disclosed since these may prejudice the position of the Group.

30.2 Commitments

The 8990 Group and the related entities have a contractual commitment to be jointly and severally liable for all of their monetary obligations to a local bank as disclosed in Note 17.

31. EARNINGS PER SHARE

Basic EPS is calculated by dividing the net profit for the year by the weighted average number of common shares outstanding during the reporting period (adjusted for any stock dividends, if any).

The following table reflect the net profit and share data used in the basic/diluted EPS computations:

	2021	2021	2020
Net profit attributable to equity holders of 8990 Holdings, Inc.	**P 7,593,,246,957**	P 7,214,932,207	P 4,831,883,878
Divided by weighted average number of common shares	**5,391,399,020**	5,391,399,020	5,391,399,020
Basic/diluted EPS	**P 1.31**	P 1.24	P 0.84

There were no potential dilutive common shares in 2022, 2021, and 2020.

32. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

32.1Supplemental Information on Non-cash Operating and Investing Activities

The following are the significant non-cash transactions of the Group:

(a) 2022

32.1.1 The Group recognized interest income from loans to a third party amounting to P63.5 million, of which, P3.6 million was uncollected as at December 31, 2022 (see Note 8).

32.1.2 The inventories increased by P6.5 billion as a result of repossessions due to cancellations of sales (see Note 9).

(b) 2021

32.1.3 The Group recognized interest income from loans to a third party amounting to P63.5 million, of which, P4.5 million was uncollected as at December 31, 2021 (see Note 8).

32.1.4 The inventories increased by P5.98 billion as a result of repossessions due to cancellations of sales(see Note 9).

(c) 2020

32.1.5 The Group recognized interest income from loans to a third party amounting to P63.6 million, of which, P8.9 million was uncollected as at December 31, 2020 (see Note 8).

32.1.6 The inventories increased by P4.2 billion as a result of repossessions due to cancellations of sales (see Note 9).

32.2 Reconciliation of Liabilities Arising from Financing Activities

Presented below is the reconciliation of the Group's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Due to Related Parties (see Note 29)	Bonds and Notes Payable (see Note 18, 19)	Loans Payable (see Note 17)	Total
Balance at January 1, 2022	81,857,852	1,092,631,999	29,869,174,726	**31,043,664,577**
Cash flows from financing activities:				
Advances received	207,726,125	-	-	**207,726,125**
Advances settled	(123,780)	-	-	**(123,780)**
Loan availments	-	-	17,726,550,164	**17,726,550,164**
Loan repayments	-	-	(5,616,372,449)	**(5,616,372,449)**
Payment of notes	-	(500,000,000)	-	**(500,000,000)**
Payments of bonds	-	(599,882,750)	-	**(599,882,750)**
Non-cash financing activities:				**-**
Loss on Early Redemption	-	6,592,275	-	**6,592,275**
Amortization of bond issue costs	-	658,476	-	**658,476**
Balance at December 31, 2022	**289,460,197**	**-**	**41,979,352,441**	**42,268,812,638**

	Due to Related Parties (see Note 29)	Bonds and Notes Payable (see Note 18, 19)	Loans Payable (see Note 17)	Total
Balance at January 1, 2021	233,486,011	1,891,475,045	31,212,905,255	33,337,866,311
Cash flows from financing activities:				
Advances received	1,554,822	-	-	1,554,822
Advances settled	(153,182,981)	-	-	(153,182,981)
Loan availments	-	-	18,728,439,481	18,728,439,481
Loan repayments	-	-	(20,072,170,010)	(20,072,170,010)
Issuance of notes	-	-	-	-
Payments of bonds	-	(800,000,000)	-	(800,000,000)
Non-cash financing activities:				-
Amortization of bond issue costs		1,156,954		1,156,954
Balance at December 31, 2021	81,857,852	1,092,631,999	29,869,174,726	31,043,664,577

	Due to Related Parties (see Note 29)	Bonds and Notes Payable (see Note 18, 19)	Loans Payable (see Note 17)	Total
Balance at January 1, 2020	82,585,342	8,976,134,740	17,964,393,050	27,023,113,132
Cash flows from financing activities:				
Advances received	151,382,487	-	-	151,382,487
Advances settled	(481,818)	-	-	(481,818)
Loan availments	-	-	16,547,170,700	16,547,170,700
Loan repayments	-	-	(3,298,658,495)	(3,298,658,495)
Issuance of notes	-	1,300,000,000	-	1,300,000,000
Payments of bonds	-	(8,405,590,000)	-	(8,405,590,000)
Non-cash financing activities:				
Amortization of bond issue costs	-	20,930,305	-	20,930,305
Balance at December 31, 2020	233,486,011	1,891,475,045	31,212,905,255	33,337,866,311

33. OTHER MATTERS

33.1 Outbreak and Impact of COVID-19

In December 2019, a novel strain of corona virus, COVID-19, was reported to have surfaced in China. The World Health Organization has declared the outbreak as a 'public health emergency of international concern.' COVID-19 started to become widespread in the Philippines in early March 2020. This caused the government to declare a state of public health emergency in the country followed by the implementation of enhanced quarantine and social distancing measures and restrictions within the Luzon area with other cities and provinces in the country enacting similar measures thereafter. This resulted in a wide-ranging business suspension - disrupting the supply chains, affecting production and sales across a range of industries, and weakening the stock market. From management's perspective, the severity of these consequences will depend on certain developments, including the duration and spread of the outbreak, valuation of assets, and impact on the Group's customers, suppliers, and employees.

While management understands that a prolonged disruption of businesses not only in the Philippines but globally may be detrimental to the Group, it also sees opportunities that it is now evaluating to ensure business continuity. Accordingly, management is very actively monitoring the financial condition and operations of each of the subsidiaries and is prepared to seize any opportunity that comes their way.

The following are the highlights of the analysis:

33.1.1 The Group's units sales for full year 2022 is at 13% growth from 2021. The Group believe that the real estate industry, particularly the low cost mass housing market has significantly recovered from the effects of the pandemic. Unit sales in were also not badly affected by the pandemic as unit sales in 2021 and 2020 were stable at 1% and and 2% growth, respectively.

33.1.2 Azalea Residences Baguio and Boracay reopened on August 16, 2021 and December 20, 2021, respectively. These hotels were closed in March 2020 as Covid 19 pandemic directly hit tourism industry. There is currently no threat that hotel closure will happen again. As of December 31, 2022, Azalea Residences Baguio earned a revenue of P106.6 Million whereas Azalea Residences Boracay earned a revenue of P40.5 million.

33.1.3 In terms of liquidity, management's cash flow projections show that it will have sufficient cash to meets its working capital requirements. There are various activities being implemented by management such as migration of its buyers' contract to sell to Home Development Mutual Fund (HDMF) and sale of its receivables to financial institutions. The Group were able to liquidate P6B worth of receivables to HDMF, and another P870M worth of receivables to partner banks, and sold P2Bworth of receivables to financial institution in 2022.

33.1.4 The Group recalibrated its construction schedule to be more resource efficient while allowing it to meet its annual target by focusing more of its resources on projects that are more saleable. However, all planned acquisitions of land for future development have been put on hold while putting priority on construction of residential real estate rather than development of hotel buildings.

33.1.5 On March 29, 2020, the Parent Company suspended its Share Buyback Program as part of its counter measures in respect of the potential impact of COVID-19 as it continues to spread. Management believes that the suspension is the prudent course of action given the uncertainty and challenges arising from this pandemic (see Note 20.3). As at the same date, the Parent Company has already repurchased 126.6 million of its shares, which amounts to P1,806.5 million. As of May 18, 2022, the Parent Company's common share price is at P10.52 or a market capitalization of P56.7 billion. The Share Buyback Program remained suspended, to date.

The Group continues to closely monitor the situation and is taking appropriate actions to optimize cash flows and minimize costs. The Group has also activated business continuity plans, both at the corporate level and business operations level, and conducted scenario planning and analysis to activate contingency plans.

33.2 Dividend Declaration

The Company's BOD approved the following cash dividend declarations in 2023:

	Date of			
Amount Per Share	**Declaration**	**Record**	**Payment**	**Amount**
<u>2022</u>				
Preferred				
1.375	Feb. 07, 2023	Apr. 25, 2023	May. 10, 2023	50,875,000
1.375	Feb. 07, 2023	Jul. 27, 2023	Aug. 10, 2023	50,875,000
1.375	Feb. 07, 2023	Oct. 25, 2023	Nov. 10, 2023	50,875,000
				152,625,000

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Shareholders and Board of Directors
8990 Holdings, Inc. and Subsidiaries
11th Floor Liberty Center
104 H.V. Dela Costa, Salcedo Village
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of **8990 Holdings, Inc. and Subsidiaries** as at and for the year ended December 31, 2022 and issued our report thereon dated April 19, 2023. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The schedules listed in the Index to the consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's Management. These schedules are presented for purpose of complying with the Securities Regulation Code (SRC) 68, as amended, and are not part of the consolidated financial statements. These supplementary schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and in our opinion, the information fairly states in all material respects the financial data required to be set forth therein in relation to the consolidated financial statements taken as a whole.

RAMON F. GARCIA & CO., CPAs
By:

HONORATA L. PAGUIO
Partner
CPA Certificate No. 0078850
PTR No. 9573080, January 6, 2023, Makati City
TIN 105-540-683
BOA/PRC Accreditation No.0207 (April 9, 2023 to October 5, 2025)
Partner's BIR Accreditation No. 08-001759-003-2020 (March 13, 2023 to March 12, 2026)
Partner's SEC Accreditation No. 78850-SEC -Category A, Valid for audit of 2021 to 2025 financial statements
Firm's BIR Accreditation No. 08-001759-001-2020 (March 13, 2023 to March 12, 2026)
Firm's SEC Accreditation No. 0207- SEC Group A, Valid for audit of 2021 to 2025 financial statements)

April 19, 2023
Makati City

EXHIBIT 5

8990 HOLDINGS INC. AND ITS SUBSIDIARIES
INDEX TO PARENT COMPANY FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2022

Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68

Other Required Schedules/Information

SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2022
(Amounts in Philippine Pesos)

Name of Issuing Entity and Association of Each Issue	Amount Shown in the Consolidated Statement of Financial Position	Value Based on Market Quotation at Statement of Condition Date	Income Received and Accrued
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME			
Azalea Resorts and Vacation Club, Inc.			
Preferred shares	₱23,112,000	₱–*	₱–
Common shares	5,000,000		
Azalea Leisure Residences Corporation			
Preferred shares	1,328,409,527	–*	–
Pico de Loro Beach and Country Club			
Club shares	633,500	–*	–

*The shares are unquoted instruments

8990 HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE B - AMOUNTS 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 Year	Additions	Deductions		Ending Balance		Balance at End of Year
			Amounts Collected	Amounts Written-off	Current	Not Current	
Azalea Leisure Residences Corporation	245,610,657	61,759,629	-		307,370,286		307,370,286
Yumahouse, Inc.	430,823,137	5,545,006	-	-	436,368,143		436,368,143
iHoldings	72,954,974	0		-	72,954,974		72,954,974
Kwantlen Development Corporation	45,000,000	-	-	-	45,000,000	-	45,000,000
New Ideas Verbalize, Inc.	24,035,044	-	-	-	24,035,044	-	24,035,044
Bon Giorno Homes, Inc.	16,354,311	-	-	-	16,354,311	-	16,354,311
8990 Cebu Housing Development Corporation	13,727,784	-	-	-	13,727,784	-	13,727,784
8990 Iloilo Housing Development Corporation	11,993,180	-	-	-	11,993,180	-	11,993,180
8990 Commercial Management Corporation	4,986,357	-	-	-	4,986,357	-	4,986,357
Modernland	1,197,604	-	-	-	1,197,604	-	1,197,604
Tondo Condo Corp	85,031,207	66,697,129	-		151,728,336		151,728,336
Hampton Condo Corp	38,224,268	(0)	-		38,224,268		38,224,268
UDHHcortes Condo Corp	28,387,615	8,200,000	-		36,587,615		36,587,615
UDH Tisa Condo Corp	35,496,945	5,970,000	-		41,466,945		41,466,945
Campville Condo Corp	30,412,432	8,921,796	-		39,334,228		39,334,228
Marilao Condo Corp	27,292,676	15,116,805	-		42,409,481		42,409,481
Others	418,408,891	728,125,118	(35,342)	-	1,146,498,667		1,146,498,667
TOTAL	**1,529,937,082**	**900,335,483**	**(35,342)**	-	**2,430,237,223**	-	**2,430,237,223**

8990 HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE C - AMOUNTS 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 Year	Additions	Deductions		Ending Balance		Balance at End of Year
			Amounts Collected	Amounts Written-off	Current	Not Current	
8990 Housing Development Corporation	P 3,699,436,578	P 516,650,906	(14,050,274)	-	P 4,202,037,210	-	P 4,202,037,210
8990 Luzon Housing Development Corporation	215,618,532	14,173,191	(14,185,393)	-	215,606,329	-	215,606,329
8990 Mindanao Housing Development Corporation	201,732,431	4,179,243	-	-	205,911,674	-	205,911,674
8990 Davao Housing Development Corporation	355,190,096	-	(22,679,988)	-	332,510,108	-	332,510,108
8990 Leisure and Resorts Corporation	276,606,915	36,807,283	-	-	313,414,198	-	313,414,198
Fog Horn, Inc.	27,462,536	-	(18,188,196)	-	9,274,340	-	9,274,340
Tondo Holdings, Inc.	3,512,423,555	59,145,211	(15,824,360)	-	3,555,744,406	-	3,555,744,406
Euson Realty and Development Corporation	3,183,652,977	4,652,981	-	-	3,188,305,958	-	3,188,305,958
8990 Coastal Estates Inc.	451,756,875	44,220,434	(95,000)	-	495,882,309	-	495,882,309
Primex Land, Inc.	42,799,722	209,601,397	(71,970,796)		180,430,323	-	180,430,323
Genvi Development Corporation	1,852,951,260	230,683,510	(3,245,2320		2,080,389,537		2,080,389,537
8990 Holdings Inc.	1,175,932,157	3,170,937,238	(55,633,8340		4,291,235,562	-	4,291,235,562
Picadilly Premier Land Inc.	_ ----------------------	300,000,000			300,000,000		300,000,000
	P 14,995,563,634	P 4,591,051,394	P (215,873,075)	P -	P 19,370,741,953	-	P 19,370,741,953

8990 HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE E - LONG-TERM DEBT
DECEMBER 31, 2022

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown under Caption "Current Portion of Long Term Debt" in Related Balance Sheet	Amount Shown under Caption "Long-Term Debt" in Related Balance Sheet
Loans payable	₱41,979,352,441	₱ 20,654,332,925	₱ 21,325,019,516

8990 HOLDINGS, INC.
SCHEDULE H - CAPITAL STOCK
DECEMBER 31, 2022

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Related parties	Directors, Officers and Employees	Others
Common Shares at ₱1 par value	6,850,000,000	5,391,399,020	–	3,611,241,620	432,021,396	1,348,136,004
Preferred Shares Series A at ₱1 par value	50,000,000	-	–	–	–	-
Preferred Shares Series B at ₱1 par value	50,000,000	37,000,000	–	–	–	37,000,000
Preferred Shares ₱ 0.01 par value	5,000,000,000	-	-	-	-	-

8990 HOLDINGS, INC. AND SUBSIDIARIES
Supplemental Schedule of Financial Soundness Indicators
December 31, 2022 and 2021

Ratio	Formula	December 31, 2022	Formula	December 31, 2021
Current ratio	Total Current Assets	61,649,116,255	Total Current Assets	54,216,089,332
	Divided by Total Current Liabilities	30,855,392,885	Divided by Total Current Liabilities	28,883,383,235
		2.00		1.88
Acid test ratio	Total Current Assets	61,649,116,255	Total Current Assets	54,216,089,332
	Less: Inventories		Less: Inventories	
	Other Current Assets	5,532,281,150	Other Current Assets	5,175,213,415
	Quick Assets	56,116,835,105	Quick Assets	49,040,875,917
	Divide by: Total Current Liabilities	30,855,392,885	Divide by: Total Current Liabilities	28,883,383,235
	Acid test ratio	1.82	Acid test ratio	1.70
Solvency ratio	Total Liabilities	54,679,785,964	Total Liabilities	43,198,709,843
	Divided by Total Assets	103,337,232,935	Divided by Total Assets	89,557,831,645
		0.53		0.48
Debt-to-equity ratio	Total Liabilities	54,679,785,964	Total Liabilities	43,198,709,843
	Divided by Total Equity	48,566,934,973	Divided by Total Equity	46,359,121,802
		1.13		0.93
Assets-to- equity ratio	Total Assets	103,337,232,935	Total Assets	89,557,831,645
	Divided by Total Equity	48,566,934,973	Divided by Total Equity	46,359,121,802
		2.13		1.93
Interest rate coverage ratio	Earnings before interest and taxes (EBIT)	10,331,028,381	Earnings before interest and taxes (EBIT)	9,336,857,416
	Divide by: Interest Expense	1,909,513,201	Divide by: Interest Expense	1,672,900,884
		5.41		5.58
Return on equity	Net Profit	7,635,444,219	Net Profit	7,214,932,207
	Divide by: Total Equity	48,566,934,973	Divide by: Total Equity	46,359,121,802
		0.16		0.16
Return on assets	Net Profit	7,635,444,219	Net Profit	7,214,932,207
	Divide by: Total Assets	103,337,232,935	Divide by: Total Assets	89,557,831,645
		0.07		0.08
Net profit margin	Net Profit	7,635,444,219	Net Profit	7,214,932,207
	Divide by: Total Revenue	21,636,671,745	Divide by: Total Revenue	20,357,727,640
		0.35		0.35

Schedule I

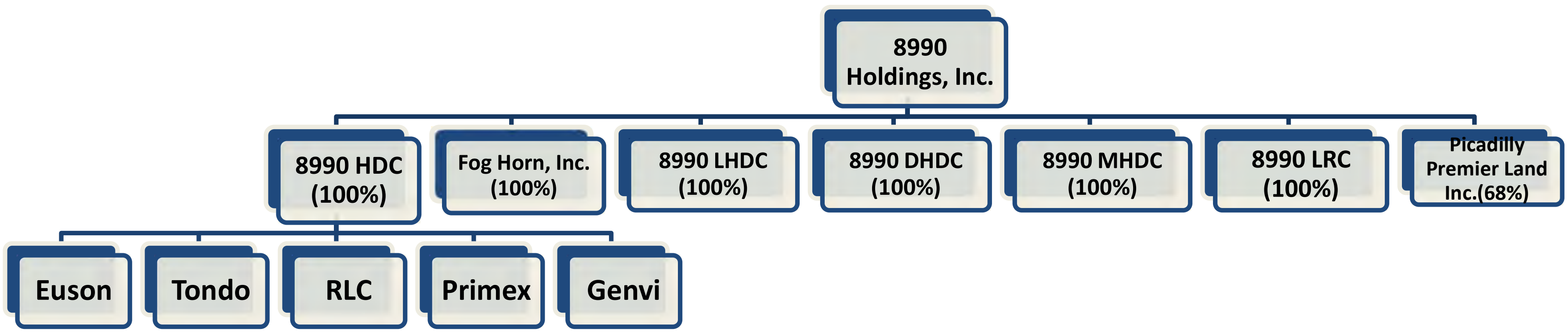
8990 HOLDINGS, INC. AND SUBSIDIARIES
11th Floor Liberty Center, 104 H.V. Dela Costa
Salcedo Village, Makati City

RECONCILIATION OF PARENT COMPANY RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AS OF DECEMBER 31, 2022

Unappropriated retained earnings at Beginning of Year		28,789,476,472
Treasury shares accounted as at January 1, 2022		(1,806,540,154)
Net profit actually earned during the current year		
Net Profit per Audited Financial Statements	P 7,635,444,219	
Equity in net profit of associate during the current year	(67,950,366)	7,567,493,853
Other Transactions During Current Year		
Acquisition of treasury shares	-	
Dividends declared	(504,815,000)	(504,815,000)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year		34,045,615,171

Schedule II

8990 HOLDINGS, INC. AND SUBSIDIARIES
MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG THE PARENT COMPANY AND ITS SUBSIDIARIES
DECEMBER 31, 2022



Schedule II

8990 HOLDINGS, INC. AND SUBSIDIARIES
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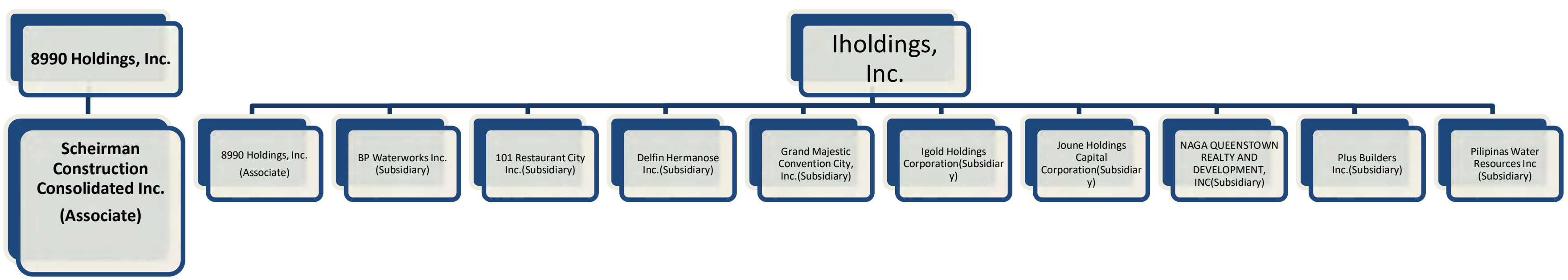
DECEMBER 31, 2022



Schedule II

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DECEMBER 31, 2022