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8990 Holdings, Inc.
(incorporated in the Republic of the Philippines)

OFFER SUPPLEMENT

**Offer of ₱3,000,000,000.00 with an Oversubscription Option of up to
₱2,000,000,000.00 Cumulative, Non-voting, Non-Convertible,
Non-Participating, Redeemable, and Perpetual Preferred Shares
with a dividend rate of 5.50% per annum
at an Offer Price of ₱100.00 per Preferred Share**

**to be issued from the remaining
50,000,000 Preferred Shares
Under the 100,000,000 Preferred Shares
under Shelf Registration rendered effective on November 16, 2017**

**to be listed and traded on the
Main Board of The Philippine Stock Exchange, Inc.**

Sole Issue Manager, Lead Underwriter, and Sole Bookrunner



Selling Agents
The Trading Participants of The Philippine Stock Exchange, Inc.

**THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED
THESE SECURITIES OR DETERMINED IF THIS OFFER SUPPLEMENT IS
ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE
CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED
IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.**

The date of this Offer Supplement is January 26, 2021.

8990 Holdings, Inc.

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104 H.V. dela Costa Street,
Salcedo Village, Makati City, Metro Manila
Philippines
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Fax Number: +63-2-8478-9659
Corporate Website: www.8990holdings.com

8990 Holdings, Inc. (“**8990**”, the “**Company**”, or the “**Issuer**”), a corporation duly organized and existing under Philippine law, has prepared a Final Prospectus dated November 9, 2017 (the “**Prospectus**”) relating to the shelf registration and sale in the Philippines of 100,000,000 cumulative, non-voting, non-convertible, non-participating, redeemable, perpetual preferred shares (“**Preferred Shares**”), which shelf registration was rendered effective by the Securities and Exchange Commission (the “**SEC**”) on November 16, 2017, through SEC MSRD Order No. 35 (Series of 2017) (“**Shelf Registration**”) under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799) (“**SRC**”). On December 1, 2017, the Company issued out of the Shelf Registration, 50,000,000 Preferred Shares, in accordance with the terms set out in the enabling resolutions approved by the Securities and Exchange Commission (“**SEC**”) on October 20, 2017 (“**Series A Preferred Shares**”). On November 6, 2020, the SEC extended the three-year period within which the Company may offer and issue the Preferred Shares under Shelf Registration.

This Offer Supplement dated January 26, 2021 (the “**Offer Supplement**” and as the context may require, the terms may refer to the Prospectus, as supplemented by this Offer Supplement) relates to the public offer, sale, and issuance of 30,000,000 Preferred Shares, with an oversubscription option of up to 20,000,000 Preferred Shares (“**Oversubscription Option**”), which shall be the second and last tranche of the Preferred Shares under the Shelf Registration (collectively, the “**Offer Shares**”, and the offer, sale, and issuance of the Offer Shares, the “**Offer**”).

The Offer Shares are being offered for subscription solely in the Philippines, and will be listed on The Philippine Stock Exchange, Inc. (“**PSE**”). The Offer Shares have a par value of ₱1.00 per share, and will be offered at an offer price of ₱100.00 per share (“**Offer Price**”), or an issue size of ₱3 billion without the Oversubscription Option, or ₱5 billion with full exercise of the Oversubscription Option. Upon listing thereof, the Offer Shares shall be denominated as “**Series B Preferred Shares**” of the Issuer.

As of the date of this Offer Supplement, the Company has 5,391,399,020 outstanding common shares and 50,000,000 Series A Preferred Shares. After the Offer, the Company will have 5,391,399,020 outstanding common shares, 50,000,000 outstanding Series A Preferred Shares, and 50,000,000 outstanding Series B Preferred Shares, assuming full exercise of the Oversubscription Option.

The Company expects to raise gross proceeds from the Offer amounting to ₱5,000,000,000.00, with estimated net proceeds of ₱4,898,032,345.00 (in case of full exercise of the Oversubscription Option) or ₱3,000,000,000.00, with estimated net proceeds of ₱2,933,822,345.00 (in case of no exercise of the Oversubscription Option), after deducting fees, commissions and expenses relating to the issuance of the Offer Shares. For a more detailed discussion on the use of proceeds, see “*Use of Proceeds*” of this Offer Supplement.

China Bank Capital Corporation, (the “**Sole Issue Manager, Lead Underwriter, and Sole Bookrunner**”) has agreed to distribute and sell the Offer Shares at the Offer Price, pursuant to an Underwriting Agreement with the Company dated January 26, 2021. The underwriting and selling fees to be paid by the Company in relation to the Offer shall be equivalent to 0.7895% of the gross proceeds of the Offer. This shall be inclusive of fees to be paid to the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner and inclusive of commissions to be paid to the Trading Participants of the PSE (each, a “**Trading Participant**” or “**Selling Agent**”). Please see “*Plan of Distribution*” of this Offer Supplement.

The PSE approved the Company’s application for the listing of the Offer Shares on the Main Board of the PSE on January 20, 2021. An approval for listing is permissive only and does not constitute a recommendation or endorsement by the PSE or the SEC of the Offer Shares. The PSE assumes no

responsibility for the correctness of any of the statements made or opinions expressed in this Offer Supplement. Furthermore, the PSE makes no representation as to the completeness and expressly disclaims any liability whatsoever for any loss arising from, or in reliance upon, the whole or any part of the contents of this Offer Supplement.

Upon listing with the PSE, the Offer Shares will be traded under the symbol “8990B”.

The Company reserves the right to withdraw the offer and sale of the Offer Shares at any time, and the right to reject any application to purchase the Offer Shares in whole or in part, and to allot to any prospective purchaser less than the full amount of the Offer Shares sought by such purchaser. If the Offer is withdrawn or discontinued, the Company shall subsequently notify the SEC and the PSE. The Sole Issue Manager, Lead Underwriter, and Sole Bookrunner and the Selling Agents may acquire for their own account a portion of the Offer Shares.

Dividends may be declared at the discretion of the Board of Directors and will depend upon the future results of operations and general financial condition and capital requirements of the Company; its ability to receive dividends and other distributions and payments from its subsidiaries, foreign exchange rates, legal, regulatory and contractual restrictions, loan obligations (both at the parent and subsidiary levels) and other factors the Board of Directors may deem relevant. The date of declaration of cash dividends on the Offer Shares will be subject to the discretion of the Board of Directors to the extent permitted by law. The declaration and payment of dividends (except stock dividends) do not require any further approval from the shareholders of the Company.

As and if cash dividends are declared by the Board of Directors in accordance with the enabling resolutions for the Offer Shares (“**Enabling Resolutions**”) and as set out in this Offer Supplement, cash dividends on the Series B Preferred Shares shall be at the fixed rate of 5.50% per annum, calculated for each share by reference to the Offer Price thereof in respect of each Dividend Period (the “**Dividend Rate**”).

Subject to limitations on the payment of cash dividends as described in the section on the “*Summary of the Offer*”, dividends on the Offer Shares will be payable once for every Dividend Period (as defined below) on such date set by the Board of Directors at the time of declaration of such dividends (each a “**Dividend Payment Date**”), which date shall be any day within the period commencing on (and including) the last date of a Dividend Period and 15 calendar days from the end of the relevant Dividend Period. A “Dividend Period” shall be the period commencing on the Issue Date, as defined in the section on “*Summary of the Offer*”, and having a duration of three (3) months, and thereafter, each of the successive periods of three (3) months commencing on the last day of the immediately preceding Dividend Period up to, but excluding the first day of, the immediately succeeding Dividend Period. If a Dividend Payment Date occurs after the end of a Dividend Period, there shall be no adjustment as to the amount of dividends to be paid.

The dividends on the Preferred Shares will be calculated on a 30/360-day basis.

If the Dividend Payment Date is not a Banking Day, dividends will be paid on the next succeeding Banking Day, without adjustment as to the amount of dividends to be paid.

The Board of Directors will not declare and pay cash dividends on any Dividend Payment Date where (a) payment of the cash dividend would cause the Company to breach any of its financial covenants or (b) the profits available to the Company to distribute as cash dividends are not sufficient to enable the Company to pay in full both the cash dividends on the Offered Shares and the dividends on all other classes of the shares of the Company that are scheduled to be paid on or before the same date as the cash dividends on the Offer Shares and that have an equal right to dividends as the Offer Shares, subject to the order of priority in the payment of dividends if the unrestricted retained earnings available are, in the opinion of the Issuer’s Board of Directors, insufficient to cover all dividend payments due on other classes of shares having an equal or priority right to dividends. Please see “*Conditions for the Declaration and Payment of Cash Dividends – Summary of the Offer*” of this Offer Supplement.

Upon listing of the Offer Shares on the PSE, the Company may purchase the Offer Shares which are then currently tradeable at any time in the open market or by public tender or by private contract at any price

through the PSE without any obligation to purchase or redeem the other outstanding preferred shares of the Company.

No dealer, salesman or any other person has been authorized to give any information or to make any representation not contained in this Offer Supplement. If given or made, any such information or representation must not be relied upon as having been authorized by the Company or any of the underwriters that may be engaged by the Company.

The distribution of this Offer Supplement and the offer and sale of the Offer Shares may, in certain jurisdictions, be restricted by law. The Company and the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner require persons into whose possession this Offer Supplement comes, to inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. This Offer Supplement does not constitute an offer of any securities, or any offer to sell, or a solicitation of any offer to buy any securities of the Company in any jurisdiction, to or from any person whom it is unlawful to make such offer in such jurisdiction.

Unless otherwise stated, the information contained in this Offer Supplement has been supplied by the Company. The Company (which has taken all reasonable care to ensure that such is the case) confirms that the information contained in this Offer Supplement is correct, and that there is no material misstatement or omission of fact which would make any statement in this Offer Supplement misleading in any material respect.

The Company and the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner confirm that they have exercised the required due diligence in ascertaining that all material information in this Offer Supplement, including its amendments and supplements, if any, is true and correct, and that no material information was omitted, which was necessary in order to make the statements contained herein not misleading. The Company, its directors and officers, and the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner accept responsibility for the information contained in the listing application and all documents submitted to the PSE, including this Offer Supplement.

Unless otherwise indicated, all information in this Offer Supplement is as of the date hereof. Neither the delivery of this Offer Supplement nor any sale made pursuant to this Offer Supplement shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company and its subsidiaries since such date. Market data and certain industry forecasts used throughout this Offer Supplement were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, the Company does not make any representation, undertaking or other assurance as to the accuracy or completeness of such information or that any projections will be achieved, or in relation to any other matter, information, opinion or statements in relation to the Offer. Any reliance placed on any projections or forecasts is a matter of commercial judgment. Certain agreements are referred to in this Offer Supplement in summary form. Any such summary does not purport to be a complete or accurate description of the agreement and prospective investors are expected to independently review such agreements in full.

This Offer Supplement is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by either the Issuer, the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner or their respective affiliates or legal advisers that any recipient of this Offer Supplement should purchase the Offer Shares. Each person contemplating an investment in the Offer Shares should make his own investigation and analysis of the creditworthiness of the Company and his own determination of the suitability of any such investment.

The price of securities, such as the Offer Shares, can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. An investment in the Offer Shares described in this Offer Supplement involves a certain degree of risk.

Before making an investment decision, investors should carefully consider the risks associated with an investment in the Offer Shares. These risks include:

- Risks relating to the Company's business;
- Risks relating to the Philippines;
- Risks relating to the Offer Shares; and
- Risks relating to certain statistical information in this Offer Supplement.

A person contemplating an investment in the Offer Shares should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in trading of securities, especially those high-risk securities. Investing in the Offer Shares involves a higher degree of risk compared to debt instruments. A discussion of risk factors affecting the Company and its business is set out in this Offer Supplement. For the discussion of risk factors to be considered in respect of an investment in the Offer Shares, see the section on "*Risk Factors*" starting on page 37 of this Offer Supplement.

The Company, through its subsidiaries (most of which are wholly-owned), owns land. Under the Philippine Constitution and Philippine statutes, such activities are reserved for Philippine Nationals. Considering the foregoing, for as long as the Company or any of its subsidiaries own land in the Philippines, or continue to conduct property development in the Philippines, foreign ownership in the Company shall be limited to a maximum of: (i) 40% of the capital stock of the Company which is outstanding and entitled to vote; and (ii) 40% of the total outstanding capital stock of the Company, whether or not entitled to vote.

Accordingly, the Company shall disallow the issuance or the transfer of Offer Shares to persons other than Philippine Nationals and shall not record transfers in its books if such issuance or transfer would result in the Company ceasing to be a Philippine National for purposes of complying with the restrictions on foreign ownership discussed above. Philippine National, as defined under the Foreign Investment Act, means a citizen of the Philippines, or a domestic partnership or association wholly-owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and the entitlement to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and the entitlement to vote is wholly-owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals.

This document constitutes the Offer Supplement relating to the Offer Shares. Unless defined in this Offer Supplement, terms used herein shall be deemed to be defined as set forth in the Prospectus. This Offer Supplement contains the final terms of the Offer and must be read in conjunction with the Prospectus and the other transaction documents relating to the issuance of the Offer Shares. Full information on the Issuer and the Offer is only available on the basis of the combination of the Offer Supplement, the Prospectus and the other transaction documents relating to the issuance of the Offer Shares. All information contained in the Prospectus are deemed incorporated by reference to this Offer Supplement.

8990 is organized under the laws of the Philippines with principal office address at the 11th Floor, Liberty Center, 104 H.V. dela Costa Street, Salcedo Village, Makati City, Philippines with telephone number: (+632) 8478 9659. The common shares of the Company have been listed on the PSE since 2010 under ticker symbol "HOUSE." Its corporate website is <http://www.8990holdings.com>. The information in the website is not incorporated by reference into this Offer Supplement.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED THEREIN IS TRUE AND CURRENT.

8990 HOLDINGS, INC.

By:

MARIANO D. MARTINEZ, JR.

Chairman of the Board

ROAN B. TORREGOZA

Chief Financial Officer

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) S.S.

SUBSCRIBED AND SWORN to before me this ____ day of _____ 2021 affiant(s) exhibiting to me their Government-issued IDs, as follows:

Name	Government-issued IDs	Date and Place of Issue
Mariano D. Martinez, Jr.	Postal ID PRN D86160245769P	Manila
Roan B. Torregoza	UMID Number 0111-5070938-6	Mandaluyong

Doc No. ____;

Page No. ____;

Book No. ____;

Series of 2021.

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FORWARD-LOOKING STATEMENTS

This Offer Supplement contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from expected future results; and
- performance or achievements expressed or implied by forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies, the environment in which the Company will operate in the future and current expectations and projections about future events and financial trends affecting its business. Words or phrases such as "believes," "expects," "anticipates," "intends," "plans," "foresees" or other words or phrases of similar import are intended to identify forward-looking statements. Similarly, statements that describe 8990's objectives, plans or goals are also forward-looking statements. In light of these risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Offer Supplement might not occur. Actual results could differ materially from those contemplated in the relevant forward-looking statements. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

- the Company's ability to successfully manage its in-house financing activities;
- the Company's ability to successfully implement its current and future strategies;
- the Company's ability to successfully manage aggressive growth;
- changes in the Philippine housing market and the demand for the Company's housing and land developments;
- the Company's ability to maintain its reputation for on-time project completion;
- any future political instability in the Philippines;
- the condition of and changes in the Philippine, Asian or global economies;
- changes in interest rates, inflation rates and the value of the Peso against the U.S. dollar and other currencies;
- changes to the laws, including tax laws, regulations, policies and licenses applicable to or affecting the Company; and
- competition in the Philippine housing industry.

Additional factors that could cause the Company's actual results, performance or achievements to differ materially from forward-looking statements include, but are not limited to, those disclosed under "Risk Factors" and elsewhere in this Offer Supplement. These forward-looking statements speak only as of the date of this Offer Supplement. The Company and the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based. The Company does not intend to update or otherwise revise the forward-looking statements in this Offer Supplement, whether as a result of new information, future events or otherwise, unless material within the purview of the SRC and other applicable laws, the mandate of which is to enforce investor protection. Because of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Offer Supplement might not occur in the way the Company expects, or at all. Investors should not place undue reliance on any forward-looking information. All subsequent written and oral forward-looking statements attributable to either the Issuer or persons acting on behalf of the Issuer are expressly qualified in their entirety by cautionary statements.

The Sole Issue Manager, Lead Underwriter, and Sole Bookrunner do not take any responsibility for, or give any representation, warranty or undertaking in relation to, any such forward-looking statement.

DEFINITION OF TERMS

In this Offer Supplement, unless the context otherwise requires, the following terms shall have the meanings set forth below.

8990 Davao	8990 Davao Housing Development Corporation
8990 Housing	8990 Housing Development Corporation
8990 Leisure	8990 Leisure and Resorts Corporation
8990 Luzon	8990 Luzon Housing Development Corporation
8990 Mindanao	8990 Mindanao Housing Development Corporation
8990 Majority Shareholders	collectively iHoldings, Inc.; Kwantlen Development Corporation; Luis N. Yu, Jr.; and Mariano D. Martinez, Jr.;
8990 Related Companies	companies that are outside of the Company and owned by any of the 8990 Majority Shareholders
Application to Purchase	the documents to be executed and/or submitted by any Person or entity qualified to become a Shareholder offering to purchase the Offer Shares
Banking Day	a day, except Saturday or Sunday or legal holidays, when banks are open for business in Makati City, Metro Manila, Philippines, during which facilities of the Philippine banking system are open and available for clearing.
Beneficial Owner	<p>any person (and “Beneficial Ownership” shall mean ownership by any person) who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting of such security; and/or investment returns or power in respect of any security, which includes the power to dispose of, or to direct the disposition of, such security; provided, however, that a person shall be deemed to have an indirect beneficial ownership interest in any security which is held by:</p> <ul style="list-style-type: none"> i. members of his immediate family sharing the same household; ii. a partnership in which he is a general partner; iii. a corporation of which he is a controlling shareholder; or iv. subject to any contract, arrangement or understanding, which gives him voting power investment or power with respect to such securities; provided, however, that the following persons or institutions shall not be deemed to be beneficial owners of securities held by them for the benefit of third parties or in customer or fiduciary accounts in the ordinary course of business, so long as such securities were acquired by such persons or institutions without the purpose or effect of changing or influencing control of the issuer: <ul style="list-style-type: none"> a. A broker dealer; b. An investment house registered under the Investment Houses Law; c. A bank authorized to operate as such by the BSP; d. An insurance company subject to the supervision of the Office of the Insurance Commission; e. An investment company registered under the Investment Company Act;

- f. A pension plan subject to regulation and supervision by the Bureau of Internal Revenue and/or the Securities and Exchange Commission or relevant authority; and
- g. A group in which all of the members are persons specified above

BIR	Bureau of Internal Revenue
Board of Directors or Board	the Board of Directors of the Company
BSP	<i>Bangko Sentral ng Pilipinas</i> , the central bank of the Philippines
Common Shares	common shares of the Company with a par value of ₱1.00 per share
Company, Issuer, 8990	8990 Holdings, Inc.
Corporation Code	Batas Pambansa Blg. 68, otherwise known as the Corporation Code of the Philippines, as amended by R.A. No. 11232, and as may be further amended from time to time, and including the rules and regulations issued thereunder
CTS	contract to sell, a contract generally entered into by the Company and its customers for the sale and purchase of a Mass Housing unit, the ownership of which remains with the Company until the full purchase price is paid by the customer
CTS Gold	general term used to refer to the Company's financing products consisting of the CTS Gold Convertible, CTS Gold In-House, and CTS Gold Straight
CTS Gold Convertible	one of the Company's in-house financing products, which carries a rate of 9.5% per annum (fixed for the first four (4) years) and is intended for Pag-IBIG take-up
CTS Gold In-House	one of the Company's in-house financing products, which carries a rate of 9.5% per annum and may be migrated to Pag-IBIG anytime as desired by the buyer.
CTS Gold Straight	one of the Company's in-house financing products, which carries a rate of 9.5% per annum and is not intended for Pag-IBIG take-up
CTS Receivables	contract to sell receivables
Dearborn	Dearborn Resources and Holdings, Inc.
Dividend Payment Date	For the Offer Shares, May 10, 2021 for the first Dividend Payment Date and August 10, November 10, February 10, and May 10 of each year, for as long as the Offer Shares remain outstanding.
DHUSD	means the Department of Human Settlements and Urban Development
Economic Housing	housing and land units priced from ₱450,001 to ₱1,700,000, as categorized by the DHUSD

Euson	Euson Realty and Development Corporation
Fillmore	Fillmore Resources Holdings, Inc.
Fog Horn	Fog Horn, Inc.
Government	the national government of the Republic of the Philippines
Gross Income Margin	the Company's gross income divided by sales as described in the Consolidated Financial Statements included in this Offer Supplement
Horizontal Residential Subdivisions	housing and land units with floor areas which typically range from 35 sq. to 120 sq.m; typical unit prices range from from ₱450,000 to ₱2,000,000
High-rise Condominiums	condominium units that are half the size (approximately 13 sq. m.) of typical studio apartments
Issue Date	February 10, 2021 or such date on which the Offer Shares shall be issued by 8990 and listed on the PSE
IRRs	Implementing Rules and Regulations of the SRC, as amended
Low-cost Housing	housing and land units priced from ₱1,700,001 to ₱3,000,000, as categorized by the SHDA and DHSUD
Mass Housing	housing units and land priced up to ₱3,000,000; this term comprises the Socialized Housing, Economic Housing and Low-cost Housing categories as defined by the SHDA and DHSUD
MRB	medium-rise building, a walk-up building generally four to five stories or an elevator-equipped building of eight to 12 stories
Net Income Margin	the Company's net income divided by sales as described in the consolidated financial statements included in this Offer Supplement
Offer	the offer for sale, distribution, and issuance of Offer Shares by the Company under the conditions as herein contained
Offer Period	the period when the Offer Shares are offered for sale, distribution, and issuance by the Issuer to the public commencing at January 28, 2021 and ending at February 3, 2021, or such other dates as may be determined by the Issuer and the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner
Offer Shares	up to 50,000,000 Preferred Shares
OFs	OFWs and Filipino expatriates
OFWs	Overseas Filipino workers
Oversubscription Option	means the option given by the Issuer in favor of the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner to, in consultation with the Issuer, to increase the offer size by up to ₱2,000,000,000, consisting of up to 20,000,000 Preferred Shares, to cover oversubscriptions, if any
Pag-IBIG or HDMF	the Home Development Mutual Fund, also known as the Pag-IBIG Fund, the primary government housing financial assistance program in the Philippines, with a statutory mandate to provide Government

	assistance for the housing requirements of its members and allot not less than 70% of its available funding for deployment of housing loans to its qualified buyers
PDTC	the Philippine Depositary & Trust Corp.
Person	Individuals, juridical persons such as corporation, partnership, joint venture, unincorporated association, trust or other juridical entities, or any governmental authority
Pesos, Philippine Pesos, ₱, Php, and Philippine currency	the legal currency of the Republic of the Philippines
PFRS	Philippine Financial Reporting Standards
Philippine National	<p>As defined under the Foreign Investments Act of 1991, means a citizen of the Philippines, or a domestic partnership or association wholly owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and the entitlement to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and the entitlement to vote is wholly owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals.</p> <p>Pursuant to Philippine SEC Memorandum Circular No. 8, Series of 2013, which generally applies to all corporations engaged in identified areas of activities or enterprises specifically reserved, wholly or partly, to Philippine nationals by the Philippine Constitution, the Foreign Investments Act of 1991 and other existing laws, amendments thereto, and implementing rules and regulations of the said laws, for purposes of determining compliance with the constitutional or statutory ownership requirement, the required percentage of Filipino ownership shall be applied to both: (i) the total number of outstanding shares of stock entitled to vote in the election of directors; and (ii) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.</p>
Preferred Shares	A total of 100,000,000 cumulative, non-voting, non-convertible, non-participating, redeemable, perpetual preferred shares.
PSE	The Philippine Stock Exchange, Inc.
Registry of Shareholders	means the electronic records of the Stock Transfer Agent bearing the official information on the names and addresses of the Shareholders and the number and amount of Series B Preferred Shares they respectively hold, including all transfers and assignments, or any liens or encumbrance thereon
RSPAs	CTS Receivables Sale and Purchase Agreements
SEC	Philippine Securities and Exchange Commission

SEC Permit to Sell	Permit to Sell Securities issued by the SEC in connection with the Offer
Shareholder	holders of the Series B Preferred Shares
SHDA	Subdivision and Housing Developers Association, the largest industry organization of subdivision and housing developers in the Philippines with over 200 members
Socialized Housing	housing and land units priced up to ₱580,000.00 as categorized by the SHDA and DHSUD
SRC	Republic Act No. 8799, also known as the Securities Regulation Code of the Philippines, and any of its amendments
Stock Transfer Agent	Stock Transfer Services, Inc., a duly authorized stock and transfer agent organized and existing under the laws of the Philippines
Subsidiary/ies	with respect to the Company, 8990 Davao, 8990 Housing, 8990 Leisure, 8990 Luzon, 8990 Mindanao, and Fog Horn
Taxes	any present or future taxes, including, but not limited to, documentary stamp tax, levies, imposts, filing and other fees or charges imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof, including surcharges, penalties and interests on said taxes, but excluding final withholding tax, gross receipts tax, taxes on the overall income of the underwriters or of the Shareholders (which for the avoidance of doubt includes any creditable withholding tax), value added tax, and taxes on any gains realized from the sale of the Preferred Shares
Tax Code	Philippine National Internal Revenue Code of 1997, as amended
Tax Exempt / Treaty Documents	collectively, (i) a BIR-certified true copy (dated no earlier than required to be considered valid under applicable tax regulations at the relevant time) of the current and valid tax exemption certificate, ruling or opinion issued by the BIR or a Certificate of Residence for Tax Treaty Relief ("CORTT Form"), as applicable, confirming the exemption or preferential rate; (ii) a duly notarized undertaking, in the prescribed form, executed by (ii.a) the Corporate Secretary or any authorized representative of such Applicant or Shareholder, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases, or the Shareholder holds, the Offer Shares for its account, or (ii.b) the Trust Officer, if the Applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Offer Shares pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer and the Paying Agent of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Issuer and the Paying Agent free and harmless against any claims, actions, suits, and liabilities arising from the non-withholding of the required tax; and (iii) such other documentary requirements as may be reasonably required by the Issuer and/or the Paying Agent or under the applicable regulations of the relevant taxing or other authorities

Tondo Holdings	Tondo Holdings, Inc.
TRAIN Law	means Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion, which amended certain provisions of the Tax Code
Sole Issue Manager, Lead Underwriter, and Sole Bookrunner	China Bank Capital Corporation
Underwriting Agreement	means the underwriting agreement between 8990 Holdings, Inc. and China Bank Capital Corporation dated January 26, 2021.

Titles of sections, subsections and clauses in this Offer Supplement are used for convenience of reference only and do not limit or affect the interpretation of the sections and subsections hereof. In case of conflict between the provisions of the Prospectus and this Offer Supplement with respect to the Offer Shares, the provisions of this Offer Supplement shall prevail.

SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information presented in this Offer Supplement, including the Company's audited consolidated financial statements for the years ended 2019, 2018, and 2017, and the unaudited interim consolidated financial statements for the period ended September 30, 2020 and related notes included elsewhere in the Prospectus or this Offer Supplement. Prospective investors should read this entire Offer Supplement fully and carefully, including the section on "Risk Factors". In case of any inconsistency between this summary and the more detailed information in this Offer Supplement, then the more detailed portions, as the case may be, shall at all times prevail. Capitalized terms not defined in this summary are defined in the "Definition of Terms," "Risk Factors," "Business" or elsewhere in this Offer Supplement.

Overview

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 & 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. As of September 30, 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 are expected to provide in total approximately 11,500 units available for sale. 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 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 to 10 days, with an additional five 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 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 2017, 2018, and 2019, the Company recorded consolidated revenues amounting to ₱10,181.7 million, ₱11,745.9 million, and ₱15,276.5 million, respectively, with resulting net income of ₱4,138.8 million, ₱4,674.9 million, and ₱5,578.5 million, respectively. For the nine months ended September 30, 2019 and 2020, the Company recorded consolidated revenues amounting to ₱10,508.5 million and ₱9,737.4 million, respectively.

Competitive Strengths

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

- Favorable market and industry demographics of the Mass Housing Sector.
- Leading Mass Housing developer with established track record and brands for the underserved Mass Housing segment.
- Customer-focused product and payment scheme best suited for the Mass Housing market, coupled with effective collection and risk management policies.
- Market innovations with respect to construction processes, which translates into efficiencies and cost-savings.
- Strong relationships with key housing and shelter agencies.
- Experienced management team with extensive expertise in Mass Housing development.

Key Strategies

The Company’s overall business strategy, and the key to its current and past success in the Mass Housing industry, is to deliver with speed and quality the right products (a DECA Homes house or Urban DECA Homes MRB unit) to its target customers, mainly comprising low to middle income earners able to afford a monthly amortization payment of approximately ₱3,900 (the estimated amortization for a ₱450,000 loan for a Socialized Housing unit with 9.5% annual interest rate for the first year and a 25-year amortization schedule) to ₱17,500 (the estimated amortization for a ₱2,000,000 loan with 9.5% annual interest rate and a 25-year amortization schedule) under the Company’s in-house financing program, at the right price range (the estimated amortization for a ₱450,000 to ₱2.0 million per housing/condominium unit).

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

- Increase existing coverage and expand geographically.
- Continue to support Mass Housing home ownership via innovative financing products.
- Continue to replenish land bank for development.
- Continue to diversify into new product types.
- Attain increased efficiencies in all facets of its operations and processes.

Corporate Information

The Company is a Philippine corporation with its registered office and principal executive offices located at 11th Floor, Liberty Center, 104 H.V. dela Costa Street, Salcedo Village, Makati City, Metro Manila. The Company’s telephone number is (+632) 8 478 9659 and its fax numbers are (+632) 8 478 9659 and (+632) 8 478 8987. Its corporate website is www.8990holdings.com. The information on the Company’s website is not incorporated by reference into, and does not constitute part of, this Offer Supplement.

Investor Relations Office and Compliance Office

The Investor Relations Office is tasked with (a) the creation and implementation of an investor relations program that reaches out to all shareholders and informs them of corporate activities and (b) the formulation of a clear policy for accurately, effectively and sufficiently communicating and relating relevant information to the Company’s stakeholders as well as to the broader investor community.

Ms. Patricia Victoria G. Ilagan, the Company's IRO, serves as the Company's designated investor relations manager and heads the Company's Investor Relations Office. The IRO is responsible for ensuring that Company's shareholders have timely and uniform access to official announcements, disclosures and market-sensitive information relating to the Company. As the Company's officially designated spokesperson, the IRO is responsible for receiving and responding to investor and shareholder queries. In addition, the IRO oversees most aspects of the Company's shareholder meetings, press conferences, investor briefings, management of the investor relations portion of the Company's website and the preparation of its annual reports. The IRO is also responsible for conveying information such as the Company's policy on corporate governance and corporate social responsibility, as well as other qualitative aspects of the Company's operations and performance.

Ms. Teresa C. Secuya currently serves as the Company's Compliance Officer to ensure that the Company complies with, and files on a timely basis, all required disclosures and continuing requirements of the Philippine SEC and the PSE.

The Company's Investor Relations Office is located at 11th Floor, Liberty Center, 104 H.V. dela Costa Street, Salcedo Village, Makati City, Metro Manila.

Recent Land Acquisitions

Since the issuance of the Series A Preferred Shares, 8990 purchased 18.18 hectares of raw land, valued at about ₱861.4 million, bringing the total land bank to approximately 465.70 hectares as of September 30, 2020. Such recent land acquisitions included the following:

Metro Manila	
Juan Luna, Manila	0.23
Taft, Manila	0.08
Provinces	
Cavite	0.59
Baguio	4.46
Ormoc, Leyte	5.70
Siquijor	8.00
Iloilo	32.58

The present land bank will provide an estimated 150,000 units with gross selling value of ₱205 billion.

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 Philippines (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.

Use of Proceeds

Out of the gross proceeds, the Company shall deduct fees, commissions, and expenses for the Offer. The net proceeds from the Offer will then be used to refinance existing debt obligations of the Company's Subsidiary, 8990 Housing.

Plan of Distribution

The Company plans to issue the Offer Shares to institutional and retail investors through a public offering to be conducted through the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner (for a more detailed

discussion, including fees to be paid to the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner, please refer to the section on “*Plan of Distribution*” on page 74 of this Offer Supplement.

SUMMARY OF THE OFFER

The following summary only covers the Offer Shares and is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in the Prospectus and in this Offer Supplement, the Articles of Incorporation and By-Laws of the Company (each as amended to date), the Application to Purchase and applicable laws and regulations. This discussion may not contain all of the information that prospective investors should consider before deciding to invest in the Offer Shares. Accordingly, any decision by a prospective investor to invest in the Offer Shares should be based on a consideration of the Prospectus, this Offer Supplement, the Application to Purchase, the Articles of Incorporation and By-Laws of the Company (each as amended to date), and applicable laws and regulations as a whole.

Issuer	8990 Holdings, Inc. (“ 8990 ”, the “ Company ” or the “ Issuer ”)
Issue Size	₱3,000,000,000.00 firm offer with an Oversubscription Option of up to ₱2,000,000,000.00 (the “ Offer ”)
Issue	Up to 50,000,000 cumulative, non-voting, non-participating, non-convertible, redeemable, perpetual preferred shares which will be denominated as “ Series B Preferred Shares ” (collectively, the “ Offer Shares ”)
Sole Issue Manager, Lead Underwriter, and Sole Bookrunner	China Bank Capital Corporation
Registration and Listing	<p>The Issuer has an existing Shelf Registration of 100,000,000 Preferred Shares with the SEC. The first tranche consisting of 50,000,000 Series A Preferred Shares was issued last December 1, 2017.</p> <p>The Offer Shares shall be issued out of the remaining unissued Preferred Shares under the Shelf Registration.</p> <p>The Company has likewise applied with the Philippine Stock Exchange (“PSE”) for the listing of the Offer Shares. The PSE approved the Company’s application for the listing of the Offer Shares on the Main Board of the PSE under the symbol “8990B”. An approval for listing is permissive only and does not constitute a recommendation or endorsement by the PSE or the SEC of the Series B Preferred Shares. The PSE assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Offer Supplement. Furthermore, the PSE makes no representation as to the completeness and expressly disclaims any liability whatsoever for any loss arising from, or in reliance upon, the whole or any part of the contents of this Offer Supplement.</p>
Use of Proceeds	The net proceeds of the Offer shall be used to refinance existing debt obligations of the Company’s Subsidiary, 8990 Housing.
Par Value	₱1.00 per share
Offer Price	₱100.00 per share
Dividend Rate	<p>The Offer Shares will, subject to certain dividend payment conditions (see “<i>Conditions for the Declaration and Payment of Cash Dividends</i>” in this Offer Supplement), bear cumulative, non-participating cash dividends (the “Dividends”) based on the Offer Price, payable quarterly in arrears every Dividend Payment Date (as defined below) at the Dividend Rate per annum reckoned from Issue Date. Dividends will be calculated on a 30/360-day basis.</p> <p>The term “Dividend Rate” means (a) from the Issue Date up to the Initial Optional Redemption Date, the Original Dividend Rate, and (b) from the Initial Optional</p>

	Redemption Date, the higher of the Original Dividend Rate and the Step-Up Rate. (Please see below for the relevant definitions.)
Original Dividend Rate	<p>The original dividend rate shall be at a fixed rate of 5.50% per annum.</p> <p>The final dividend rate for the Offer Shares was determined through a book building process. The range at which the Issuer and Sole Issue Manager, Lead Underwriter, and Sole Bookrunner accepted tenders in respect of the Offer Shares was within the sum of (i) the Benchmark Rate as defined below plus (ii) a spread of three hundred forty one (341) basis points (“Original Spread”).</p> <p>The Original Spread is the spread between the Original Dividend Rate and the Benchmark Rate as determined on Initial Pricing Date.</p>
Benchmark Rate	<p>The Benchmark Rate will be equivalent to the simple average of the PhP BVAL reference rate for the 3-year benchmark tenor, as published on the relevant page of the Philippine Dealing System Group at approximately 5:00 p.m. (Philippine Standard Time), for the three (3) business days immediately preceding and inclusive of the initial pricing date (“Initial Pricing Date”).</p> <p>If the Company and the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner confirms that based on the protocols of the PDEX and PDS, the PhP BVAL Reference Rate for the 3-year benchmark tenor on the Initial Pricing Date is published earlier than 5:00 p.m. of such date, the Company and the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner may proceed to compute the Original Dividend Rate on the basis of the forgoing PhP BVAL Reference Rate as published at such earlier time.</p> <p>In the event that BVAL is replaced by a new benchmark rate as determined by the Bankers Association of the Philippines (“BAP”) or the Bangko Sentral ng Pilipinas (“BSP”), such new benchmark rate shall be adopted for purposes of determining the Dividend Rate (the “New Benchmark Rate”). In the absence of such new replacement benchmark rate as determined by the BAP or the BSP and there is a mandatory directive by the BAP or the BSP to no longer use or apply BVAL, the Company and the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner shall negotiate to adopt an alternative rate that will serve as the New Benchmark Rate.</p>
Step-Up Benchmark Rate	<p>The Step-Up Benchmark Rate will be equivalent to the simple average of the PHP BVAL reference rate for the 7-year benchmark tenor, as published on the relevant page of the Philippine Dealing System Group at approximately 5:00 p.m. (Philippine Standard Time), for the three (3) business days immediately preceding and inclusive of the Pricing Date.</p> <p>If the Company and the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner confirms that based on the protocols of the PDEX and PDS, the PHP BVAL Reference Rate for the 7-year benchmark tenor on the Pricing Date is published earlier than 5:00 p.m. of such date, the Company and the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner may proceed to compute the Step-Up Benchmark Rate on the basis of the forgoing PHP BVAL Reference Rate as published at such earlier time.</p> <p>However, if the Original Dividend Rate is higher than the applicable Step Up Rate, there shall be no adjustment on the Dividend Rate, and the Original Dividend Rate shall continue to be the Dividend Rate.</p>
Dividend Rate Step-Up	<p>If the Offer Shares are not redeemed by the third (3rd) anniversary of the Issue Date (the “Initial Optional Redemption Date”), the Dividend Rate shall be adjusted to the higher of:</p> <p>(a) the prevailing Dividend Rate; or</p>

	<p>(b) a Dividend Rate equal to the Step-Up Benchmark Rate plus the Original Spread plus two hundred fifty (250) basis points (“Step-Up Rate”).</p> <p>However, if the Original Dividend Rate is higher than the applicable Step Up Rate, there shall be no adjustment on the Dividend Rate, and the Original Dividend Rate shall continue to be the Dividend Rate.</p>
Dividend Payment Dates	<p>As and if declared by the Issuer, and in accordance with the terms and conditions of the Offer Shares, dividends will be payable starting on May 10 2021, and every August 10, November 10, February 10, and May 10 of each year (each, a “Dividend Payment Date”), being the last day of each 3- month dividend period (a “Dividend Period”). If the Dividend Payment Date is not a Banking Day, dividends will be paid on the next succeeding Banking Day, without adjustment as to the amount of dividends to be paid.</p> <p>A “Banking Day” means a day, except Saturday or Sunday or legal holidays, when banks are open for business in Makati, Metro Manila Philippines during which facilities of the Philippine banking system are open and available for clearing.</p>
Conditions on Declaration and Payment of Cash Dividends	<p>The Issuer’s Board of Directors has full discretion over the declaration and payment of cash dividends on the Offer Shares, to the extent permitted by law and the covenants (financial or otherwise) in the agreements to which the issuer is a party.</p> <p>The Issuer’s Board of Directors will not declare and pay cash dividends on any Dividend Payment Date where, in its opinion:</p> <p>(a) Payment of the cash dividend would cause the Issuer to breach any of its financial covenants; or</p> <p>(b) The unrestricted retained earnings available to the Issuer for distribution as dividends are not sufficient to enable the Issuer to pay cash dividends in full on all other classes of the Issuer’s outstanding shares that are scheduled to be paid on or before any Dividend Payment Date and that have an equal right and priority to dividends as the Offer Shares.</p> <p>If the unrestricted retained earnings available to distribute as dividends are, in the Issuer’s Board of Directors’ opinion, not sufficient to enable the Issuer to pay both dividends on the Offer Shares and the dividends on other shares that have an equal right and priority to dividends as the Offer Shares, in full and on the relevant dates, then the Issuer is required to:</p> <p>(1) first, pay in full, or to set aside an amount equal to, all dividends scheduled to be paid on or before that Dividend Payment Date on any shares with a right to dividends ranking higher in priority to that of the Offer Shares; and</p> <p>(2) second, to pay dividends on the Offer Shares and any other shares ranking equally with the Offer Shares as to participation in such retained earnings pro rata to the amount of the cash dividends scheduled to be paid to them. The amount scheduled to be paid will include the amount of any dividend payable on that date and any arrears on any past cumulative dividends on any shares ranking equal in priority with the Offer Shares to receive dividends.</p> <p>Any such cash dividends deferred or not declared in accordance with the above provisions shall constitute “Arrears of Dividends.”</p> <p>The unrestricted retained earnings available for distribution are, in general and with some adjustments, equal to the Issuer’s accumulated realized profits, less accumulated realized losses. In general, under Philippine law, a corporation can only declare dividends to the extent that it has unrestricted retained earnings. Unrestricted retained earnings represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purposes and which are free for distribution to the shareholders as dividends.</p>

	<p>Cash dividends on the Offer Shares will be cumulative. If for any reason the Board of Directors of the Issuer does not declare cash dividends on the Offer Shares for a Dividend Period, the Issuer will not pay cash dividends on the Dividend Payment Date for that Dividend Period. However, on any future Dividend Payment Date on which cash dividends are declared, Shareholders must receive the accrued and unpaid cash dividends due them on such Dividend Payment Date as well as all Arrears of Dividends due to the Shareholders prior to such Dividend Payment Date.</p> <p>Shareholders shall not be entitled to participate in any other or further dividends, cash, property or stock beyond the dividends specifically payable on the Offer Shares.</p> <p>The Issuer covenants that, in the event that: (a) any cash dividends due with respect to any Offer Share then outstanding for any period are not declared and paid in full when due; (b) where there remains outstanding Arrears of Dividends; or (c) any other amounts payable under the terms and conditions of the Offer Shares are not paid in full when due for any reason, it will not declare or pay any dividends or other distributions in respect of, or repurchase or redeem, securities ranking <i>pari passu</i> with, or junior to, the Offer Shares (or contribute any money to a sinking fund for the redemption of any securities ranking <i>pari passu</i> with, or junior to, the Offer Shares) until any and all Arrears of Dividends and accrued but unpaid cash dividends have been paid to the Shareholders (unless such declaration or payment of dividends or distributions in respect of <i>pari passu</i> securities shall be in accordance with the paragraph numbered (2) of this section in respect of pro rata payment between the Offer Shares and any other shares ranking equally with the Offer Shares as to participation in the retained earnings).</p>
<i>Payments of Dividends and Other Amounts</i>	<p>All payments of dividends and any other amounts under the Offer Shares shall be paid by the Issuer in Philippine Pesos.</p> <p>On the relevant payment dates, the Paying Agent shall make available to the Shareholders as of the relevant record date, checks drawn against the relevant payment settlement account in the amount due to each of such holders of record, either (i) for pick-up by the relevant holder of record of the Offer Shares or its duly authorized representative at the office of the Paying Agent, or (ii) delivery via courier or, if courier service is unavailable for delivery to the address of the relevant holder of record of the Offer Shares via mail, at such holder's risk, to the address of such holder appearing in the Registry of Shareholders (as defined below).</p>
<i>Optional Redemption</i>	<p>As and if approved by the Board of Directors (or Executive Committee) of the Issuer and subject to the requirements of applicable laws and regulations, and the Issuer's financial covenants, the Issuer has the sole option, but not the obligation, to redeem all (but not part) of the outstanding Offer Shares, having given to the Stock Transfer Agent, the SEC and the PSE not less than thirty (30) days' written notice prior to the intended date of redemption, on:</p> <ul style="list-style-type: none"> (a) the third (3rd) anniversary of the Issue Date (the "Initial Optional Redemption Date"); or (b) any Dividend Payment Date after the Initial Optional Redemption Date <p>(each, an "Optional Redemption Date"),</p> <p>at a redemption price equal to the Offer Price of the Offer Shares, plus any accrued and unpaid cash dividends due them on such Dividend Payment Date as well as all Arrears of Dividends outstanding, after deduction of transfer costs customarily chargeable to stockholders, as applicable, to effect the redemption (the "Redemption Price"). The Redemption Price shall be paid to Shareholders as of the relevant record date set by the Issuer for such redemption.</p> <p>The Issuer may, at its sole option, subject to the requirements of applicable laws and regulations and the Issuer's financial covenants, also redeem the Offer Shares, in whole</p>

	<p>but not in part, at any time if an Accounting Event or a Tax Event has occurred, having given not less than thirty (30) days' written notice to the Shareholders through the Stock Transfer Agent, as well as the PSE and the SEC, prior to the intended date of redemption.</p> <p>The redemption due to an Accounting Event or a Tax Event shall be made by the Issuer at the Redemption Price, which shall be paid on the date of redemption set out in the notice.</p>
<i>Accounting Event</i>	An accounting event (" Accounting Event ") shall occur if, in the opinion of the Issuer, with due consultation with its independent auditors at the relevant time, there is more than an insubstantial risk that the Offer Shares or the funds raised through the issuance of the Offer Shares may no longer be recorded as "equity" to the full extent as at the Issue Date pursuant to the Philippine Financial Recording Standards (" PFRS "), or such other accounting standards which succeed PFRS, as adopted by the Republic of the Philippines and applied by the Issuer for drawing up its consolidated financial statements for the relevant financial year.
<i>Tax Event</i>	A tax event (" Tax Event ") shall occur if dividend payments or other amounts payable on the Offer Shares become subject to higher withholding tax or any new tax (including a higher rate of an existing tax) as a result of certain changes in law, rule or regulation, or in the interpretation thereof.
<i>No Sinking Fund</i>	The Company is not legally required to establish, has not established, and currently has no plans to establish, a sinking fund for redemption of the Offer Shares.
<i>Purchase of the Offer Shares</i>	<p>Subsequent to the listing of the Offer Shares on the PSE, and subject to compliance with applicable law and rules of the PSE, the Issuer may purchase the Offer Shares at any time at market prices through the facilities of the PSE, or by tender offer or negotiated sale, subject, however, to the relevant PSE approval for a regular or special block sale (as applicable), without the obligation to purchase or redeem the other Offer Shares.</p> <p>Any Offer Shares redeemed or purchased by the Issuer shall be recorded as treasury stock of the Issuer and will be cancelled.</p>
<i>Taxation</i>	<p>Subject to the provisions set forth below, all payments in respect of the Offer Shares are to be made free and clear of any deductions or withholding for or on account of any future taxes or duties imposed by or on behalf of the Philippines, including but not limited to, documentary stamp, issue, registration, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Issuer will pay additional amounts so that Shareholders will receive the full amount of the relevant payment which otherwise would have been due and payable.</p> <p>Notwithstanding the foregoing, the Issuer shall not be liable for, and the foregoing payment undertaking of the Issuer shall not apply to:</p> <p>(a) any withholding tax applicable to dividends earned by or any amounts payable to Shareholders;</p> <p>(b) any income tax (whether or not subject to withholding), percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the Redemption Price) or buy back of the Offer Shares, or on the liquidating distributions as may be received by a holder of Offer Shares;</p> <p>(c) any expanded value added tax which may be payable by any holder of the Offer Shares on any amount to be received from the Issuer under the terms and conditions of the Offer Shares;</p> <p>(d) any withholding tax on any amount payable to any holder of Offer Shares which is a nonresident foreign corporation; and</p>

	<p>(e) applicable taxes on any subsequent sale or transfer of the Offer Shares by any holder of the Offer Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).</p> <p>All sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for taxes, duties, assessments or governmental charges provided said entities present sufficient proof of such tax-exempt status from the tax authorities.</p> <p>Documentary stamp tax for the primary issue of the Offer Shares and the documentation, if any, shall be for the account of the Issuer.</p> <p>Please see “<i>Taxation</i>” in the Prospectus for the Philippine tax consequences of the acquisition, ownership and disposition of Offer Shares.</p>
<p><i>Tax-Exempt Status or Entitlement to Preferential Tax Rate</i></p>	<p>An investor or holder of the Offer Shares who is exempt from the withholding tax described under “<i>Taxation</i>”, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to Stock Transfer Service, Inc. as the stock transfer agent of the Offer Shares or any entity who may succeed to the functions thereof (the “Stock Transfer Agent”), subject to acceptance by the Issuer, as being sufficient in form and substance:</p> <ul style="list-style-type: none"> (i) a current and valid Bureau of Internal Revenue (“BIR”) certified true copy (dated no earlier than required to be considered valid under applicable tax regulations at the relevant time) of the tax exemption certificate, ruling or opinion or a Certificate of Residence for Tax Treaty Relief (“CORTT Form”), as applicable, confirming the exemption or preferential rate; (ii) a duly notarized undertaking (in form and substance prescribed by the Issuer) executed by (1) the corporate secretary or any authorized representative of such applicant or holder of Offer Shares, who has personal knowledge of the exemption based on his official functions, if the applicant purchases, or the holder of Offer Shares holds, the Offer Shares for its account, or (2) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Offer Shares pursuant to its management of tax-exempt entities (i.e., Employee Retirement Fund, etc.), declaring and warranting such entities’ tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Stock Transfer Agent and the Paying Agent of any suspension or revocation of the tax exemption certificate, certificate, ruling or opinion issued by the BIR, executed using the prescribed form, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Stock Transfer Agent and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax; and (iii) If applicable, such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under applicable regulations of the relevant taxing or other authorities. <p>The foregoing requirements shall be submitted, (i) in respect of an initial issuance of the Offer Shares, to the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner or Selling Agents who shall then forward the same with the Application to Purchase to the Stock Transfer Agent; or (ii) in respect of a transfer from a holder of Offer Shares to a purchaser, to the Stock Transfer Agent within three (3) days from settlement date.</p> <p>Unless properly provided with satisfactory proof of the tax-exempt status of an applicant or a holder of the Offer Shares, the Stock Transfer Agent and Paying Agent may assume that said applicant or holder is taxable and proceed to apply the tax due on the Offer</p>

	<p>Shares. Notwithstanding the submission by the applicant or holder, or the receipt by the Issuer or any of its agents, of documentary proof of the tax-exempt status of an applicant or holder, the Issuer may, in its sole and reasonable discretion, determine that such shareholder is taxable and require the Stock Transfer Agent and Paying Agent to proceed to apply the tax due on the Offer Shares. Any question on such determination shall be referred to the Issuer.</p>
<i>Liquidation Rights</i>	<p>In the event of a return of capital in respect of the Company's winding up or otherwise (whether voluntarily or involuntarily) but not on a redemption or purchase by the Company of any of its share capital, the Shareholders at the time outstanding will be entitled to receive, in Philippine Pesos out of the assets of the Company available for distribution to shareholders, together with the holders of any other securities of the Company ranking, as regards repayment of capital, <i>pari passu</i> with the Offer Shares and before any distribution of assets is made to holders of any class of the securities of the Company ranking after the Offer Shares as regards repayment of capital, liquidating distributions in an amount equal to the Offer Price of the Offer Shares plus an amount equal to any dividends declared but unpaid in respect of the previous dividend period and any accrued and unpaid dividends for the then-current dividend period to (and including) the date of commencement of the winding up of the Company or the date of any such other return of capital, as the case may be. If, upon any return of capital in the winding up of the Company, the amount payable with respect to the Preferred Shares and any other securities of the Company ranking as to any such distribution <i>pari passu</i> with the Offer Shares is not paid in full, the Shareholders and of such other securities will share ratably in any such distribution of the assets of the Company in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the Shareholders will have no right or claim to any of the remaining assets of the Company and will not be entitled to any further participation or return of capital in a winding up.</p>
<i>Form, Title and Registration of the Preferred Shares</i>	<p>The Offer Shares will be issued in scripless form through the electronic book-entry system of the Registrar for the Offer, and lodged with the Depository Agent on the Issue Date through the PSE Trading Participants nominated by the accepted Applicants. For this purpose, Applicants shall indicate in the proper space provided for in the Application to Purchase forms to be issued and circulated in connection with the Offer (together with the required documents, an “Application”) the name of the Trading Participants under whose name their Offer Shares will be registered.</p> <p>After Issue Date, holders of the Offer Shares (the “Shareholders”) may request their nominated PSE Trading Participants to facilitate the conversion of their scripless Preferred Shares into stock certificates. Any expense that will be incurred in relation to such issuance of stock certificates shall be for the account of the requesting Shareholder.</p> <p>Legal title to the Offer Shares will be shown in an electronic register of shareholders (the “Registry of Shareholders”) which shall be maintained by the Registrar. The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Offer Shares that is effected in the Registry of Shareholders (at the cost of the requesting Shareholder). The Registrar shall send (at the cost of the Company) at least once every year a statement of account to all Shareholders named in the Registry of Shareholders, except certificated Shareholders and depository participants, confirming the number of Offer Shares held by each Shareholder on record in the Registry of Shareholders. Such Statement of Account shall serve as evidence of ownership of the relevant Shareholder as of the given date thereof. Any request by a Shareholder for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Shareholder.</p>
<i>Title and Transfer</i>	<p>Legal title to the Offer Shares covered by stock certificates shall pass by endorsement and delivery to the transferee and registration in the Registry of Shareholders to be maintained by the Stock Transfer Agent. Settlement in respect of such transfer or change of title to the Offer Shares, including the settlement of documentary stamp taxes, if any,</p>

	<p>arising from subsequent transfers, shall be similar to the transfer of title and settlement procedures for listed securities in the PSE.</p>
<p><i>Status of the Offer Shares in the Distribution of Assets in the Event of Dissolution</i></p>	<p>The Offer Shares will constitute the direct and unsecured subordinated obligations of the Issuer ranking at least <i>pari passu</i> in all respects and ratably without preference or priority among themselves.</p> <p>The Offer Shares rank junior in right of payment to all indebtedness of the Company and claims against the Company which rank or are expressed to rank senior to the Offer Shares. Accordingly, the obligations of the Company under the Offer Shares will not be satisfied unless the Company can satisfy in full all of its other obligations ranking senior to the Offer Shares.</p> <p>There is no agreement or instrument that limits or prohibits the ability of the Issuer to issue Offer Shares or other securities that rank <i>pari passu</i> with the Offer Shares or with terms and conditions different from the Offer Shares.</p>
<p><i>Selling and Transfer Restrictions</i></p>	<p>Initial placement and subsequent transfers of interests in the Offer Shares shall be subject to normal selling restrictions for listed securities as may prevail in the Philippines from time to time.</p>
<p><i>Governing Law</i></p>	<p>The Offer Shares will be issued pursuant to the laws of the Republic of the Philippines.</p>
<p><i>Offer Period</i></p>	<p>The offer period of this Offer shall commence at 9:00 a.m., Manila Time on January 28, 2021 and end at 12:00 p.m., Manila Time on February 3, 2021 (the “Offer Period”). Applications shall be accepted on each Banking Day of the Offer Period commencing from 9:00 a.m. to 5:00 p.m., except on the last Banking Day of the Offer Period where applications shall be accepted from 9:00 a.m. to 12:00 p.m. only. The Issuer and the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner reserve the right to extend or terminate the Offer Period with the approval of the SEC and, as applicable, the PSE.</p> <p>Applications shall be considered irrevocable upon submission to the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner, any co-lead managers, co-managers or Selling Agents, and shall be subject to the terms and conditions of the Offer as stated in this Offer Supplement, and in the application form to subscribe to the Offer Shares (the “Application to Purchase”). All Applications must be received by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner, any co-lead managers, co-managers or Selling Agents not later than 12:00 p.m. Manila time on February 3, 2021. Applications received thereafter or without the required documents and/or full payments will be rejected. The Issuer reserves the right to waive any requirement for the acceptance of the Applications.</p>
<p><i>Minimum Subscription to the Preferred Shares</i></p>	<p>Each Application shall be for a minimum of 500 Offer Shares, and thereafter, in multiples of 100 Offer Shares. No Application for multiples of any other number of Offer Shares will be considered.</p>
<p><i>Eligible Investors</i></p>	<p>The Offer Shares may be owned or subscribed to by any person, partnership, association or corporation regardless of nationality, subject to limits under Philippine law and “<i>Restriction on Ownership</i>.” In determining compliance with such nationality requirement, the required percentage of Filipino ownership shall be applied to both (a) the total number of outstanding shares of stock entitled to vote in the election of directors, and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors, as set out in applicable regulations. However, under certain circumstances, the Issuer may reject an Application or reduce the number of the Offer Shares applied for subscription.</p> <p>Subscription to the Offer Shares may be restricted in certain jurisdictions. Foreign investors interested in subscribing or purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign</p>

	exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Offer Shares.
<i>Restriction on Ownership</i>	The Company, through its subsidiaries (most of which are wholly-owned), owns land as identified in the section on “ <i>Description of Property</i> ” on page 100 of this Offer Supplement. Under the Philippine Constitution and Philippine statutes, such activities are reserved for Philippine Nationals. Considering the foregoing, for as long as the Company or any of its subsidiaries own land in the Philippines, or continue to conduct property development in the Philippines, foreign ownership in the Company shall be limited to a maximum of: (i) 40% of the capital stock of the Company which is outstanding and entitled to vote in the election of directors; and (ii) 40% of the total outstanding capital stock of the Company, whether or not entitled to vote in the election of directors.
<i>Procedure for Application</i>	<p>Applications to Purchase the Offer Shares may be obtained from the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner or Selling Agents. The Application to Purchase may also be obtained from the website of the Issuer at www.8990holdings.com. All Applications shall be evidenced by the Application to Purchase, duly executed in each case by an authorized signatory of the applicant and accompanied by:</p> <p>(a) two (2) duly accomplished signature cards containing (i) if applicant is a natural person, the specimen signature of the applicant, and (ii) if applicant is a corporation, partnership or trust account, the specimen signatures of the applicant’s authorized signatories, validated by its Corporate Secretary or by an equivalent officer or officers who is or are authorized signatory or signatories, and in respect of each of item (i) and (ii), validated/signed by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner’s authorized signatory or signatories whose authority and specimen signatures have been submitted to the Stock Transfer Agent, and</p> <p>(b) the corresponding payment for the Offer Shares covered by the Application and all other required documents including documents required for registry with the Stock Transfer Agent and Depository Agent.</p> <p>The duly executed Application to Purchase and required documents should be submitted to the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner or Selling Agents within the deadline as set out in this Offer Supplement.</p> <p>If the applicant is a corporation, partnership, or trust account, the Application must be accompanied by the following documents:</p> <p>(a) a certified true copy of the applicant’s latest articles of incorporation and by-laws and other constitutive documents, each as amended to date, duly certified by the corporate secretary;</p> <p>(b) applicant’s SEC certificate of registration, duly certified by the corporate secretary; and</p> <p>(c) a duly notarized corporate secretary’s certificate setting forth the resolution of the applicant’s board of directors or equivalent body authorizing (i) the purchase of the Offer Shares indicated in the Application and (ii) the designated signatories for the purpose, including their respective specimen signatures.</p> <p>Individual applicants must also submit a photocopy of any one (1) of the following identification cards (“ID”) bearing a signature and recent photo, and which is not expired: passport/driver’s license, company ID issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC or Insurance Commission, Social Security System card, Government Service and Insurance System e-card and/or Senior Citizen’s ID or such other IDs enumerated in the Application to Purchase. Individual applicants must also submit such other documents as may be reasonably required by the</p>

	<p>Sole Issue Manager, Lead Underwriter, and Sole Bookrunner or Selling Agents in implementation of its internal policies regarding “knowing your customer” and anti-money laundering.</p> <p>An applicant who is exempt from or is not subject to withholding tax or who claims reduced tax treaty rates must indicate such exemption or entitlement in the Application to Purchase and also submit additional documents as may be required by the Issuer, including but not limited to, the documents described under “<i>Tax-Exempt Status or Entitlement to Preferential Tax Rate</i>” in this Offer Supplement.</p>
<i>Payment for the Offer Shares</i>	<p>The Offer Price of the Offer Shares subscribed for must be paid in full in Philippine Pesos upon submission of the Application.</p> <p>Payment shall be in the form of either:</p> <p>(a) a Metro Manila clearing cashier’s/manager’s or corporate check or personal check drawn against a bank account with a BSP-authorized agent bank located in Metro Manila and dated as of the date of submission of the Application to Purchase covering the entire number of the Offer Shares covered by the same Application. Checks should be made payable to “8990 Holdings, Inc.” and crossed “For Payee’s Account only”. Applications and the related payments shall be received by the Receiving Agent at its offices or other designated places during the Offer Period; or</p> <p>(b) for applicants directly submitting their Application to Purchase to the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner or Selling Agents:</p> <ul style="list-style-type: none"> (i) through the Real Time Gross Settlement facility of the BSP to the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner or Selling Agent to whom such Application was submitted, or (ii) via direct debit from their deposit account maintained with the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner or Selling Agents. <p>Standard transaction fees for Real-Time Gross Settlement (RTGS) payments will be for the account of the investor.</p>
<i>Acceptance/Rejection of Applications</i>	<p>The actual number of Offer Shares that an Applicant will be allowed to subscribe to is subject to the confirmation of the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner. The Issuer, upon consultation with the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner, reserves the right to accept or reject, in whole or in part, or to reduce any Application due to any grounds specified in the Underwriting Agreement entered into by the Issuer and the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner. Applications which were unpaid or where payments were insufficient and those that do not comply with the Terms of the Offer shall be rejected. Moreover, any payment received pursuant to the Application does not ensure or indicate approval or acceptance by the Issuer of the Application.</p> <p>An Application, when accepted, shall constitute an agreement between the Applicant and the Issuer for the subscription to the Offer Shares at the time, in the manner and subject to terms and conditions set forth in the Application to Purchase and those described in this Offer Supplement. Notwithstanding the acceptance of any Application by the Issuer, the actual subscription by the Applicant for the Offer Shares will become effective only upon listing of the Offer Shares on the PSE and upon the obligations of the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner under the Underwriting Agreement becoming unconditional and not being suspended, terminated or cancelled, on or before the Issue Date, in accordance with the provision of the said agreement. If such conditions have not been fulfilled on or before the periods provided above, all Application payments will be returned to the Applicants without interest.</p>

<i>Refunds of Application Payments</i>	In the event that the number of Offer Shares to be allotted to an Applicant, as confirmed by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner, is less than the number covered by its Application, or if an Application is wholly or partially rejected by the Issuer, then the Issuer shall refund, without interest, within five (5) Banking Days from the end of the Offer Period, all or a portion of the payment corresponding to the number of Offer Shares wholly or partially rejected. All refunds shall be made through the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner, any co-lead Managers, co-managers or Selling Agents with whom the Applicant has filed the Application at the risk of the applicant.														
<i>Timetable</i>	<p>The timetable of this Offer is as follows:</p> <table border="1"> <tr> <td>Dividend Rate Setting</td><td>January 21, 2021</td></tr> <tr> <td>Dividend Rate Announcement</td><td>January 22, 2021</td></tr> <tr> <td>Offer Period</td><td>January 28, 2021 to February 3, 2021</td></tr> <tr> <td>PSE Trading Participants' Commitment Deadline</td><td>February 1, 2021</td></tr> <tr> <td>PSE Trading Participants' Notice of Final Allocation</td><td>February 2, 2021</td></tr> <tr> <td>Issue Date</td><td>February 10, 2021</td></tr> <tr> <td>Listing Date, and Commencement of Trading on the PSE</td><td>February 10, 2021</td></tr> </table> <p>The dates indicated above are subject to the approval of the PSE and the SEC, market and other conditions, and may be changed.</p>	Dividend Rate Setting	January 21, 2021	Dividend Rate Announcement	January 22, 2021	Offer Period	January 28, 2021 to February 3, 2021	PSE Trading Participants' Commitment Deadline	February 1, 2021	PSE Trading Participants' Notice of Final Allocation	February 2, 2021	Issue Date	February 10, 2021	Listing Date, and Commencement of Trading on the PSE	February 10, 2021
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PSE Trading Participants' Notice of Final Allocation	February 2, 2021														
Issue Date	February 10, 2021														
Listing Date, and Commencement of Trading on the PSE	February 10, 2021														
<i>Refunds for Rejected Applications</i>	In the event that the number of Offer Shares to be allotted to an Applicant, as confirmed by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner or Selling Agent, is less than the number covered by its Application, or if an Application is wholly or partially rejected by the Company, then the Company shall refund, without interest, within five (5) business days from the end of the Offer Period, all or the portion of the payment corresponding to the number of Offer Shares wholly or partially rejected. All refunds shall be made through the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner or Selling Agent with whom the Applicant has filed the Application at the Applicant's risk.														
<i>Sole Issue Manager, Lead Underwriter and Sole Bookrunner</i>	China Bank Capital Corporation														
<i>Selling Agents</i>	Trading Participants of the PSE														
<i>Depository Agent</i>	Philippine Depository & Trust Corp.														
<i>Registrar, Paying Agent, and Stock Transfer Agent</i>	Stock Transfer Services, Inc.														
<i>Receiving Agent</i>	Stock Transfer Services, Inc.														
<i>Sole Issue Manager, Lead Underwriter, and Sole Bookrunner's Legal Counsel</i>	SyCip Salazar Hernandez & Gatmaitan														
<i>Issuer's Legal Counsel</i>	Picazo Buyco Tan Fider & Santos														

CAPITALIZATION

As of the date of this Offer Supplement, the Company has an authorized capital stock of ₱7,000,000,000.00 consisting of consisting of 6,850,000,000 Common Shares with a par value of ₱1.00 per Common Share, 5,000,000,000 voting preferred shares with a par value of ₱0.01 per voting preferred share, and 100,000,000 non-voting, non-convertible, non-participating, redeemable, perpetual preferred shares with a par value of ₱1.00 per preferred share. The subscribed capital stock of the Company is ₱5,517,990,720 consisting of 5,517,990,720 Common Shares and 50,000,000 Series A Preferred Shares. As of the date of this Offer Supplement, the Company has 126,591,700 treasury Common Shares.

The following table sets out the Company's consolidated debt, shareholders' equity and capitalization as of September 30, 2020, and as adjusted to reflect the issue of the Offer Shares. The table should be read in conjunction with the Company's consolidated financial statements, included in the Offer Supplement. There has been no material change in the figures as shown in the following table and the notes thereto since the date thereof except for the issue of the Offer Shares.

Without the exercise of Oversubscription Option, or a base issue size of ₱3,000,000,000.00:

	Actual as of September 30, 2020 (PhP)	After Giving Effect to the Offer (PhP)
	(Unaudited)	
Total debt⁽¹⁾	43,116,594,617	40,182,772,272
Equity:		
Capital stock	5,567,990,720	5,617,990,720
Additional paid-in capital	9,303,641,204	12,187,463,549
Treasury shares	(1,806,540,154)	(1,806,540,154)
Other comprehensive income	794,938,306	794,938,306
Retained earnings	21,500,462,645	21,500,462,645
Total equity	35,360,492,722	38,294,315,066
Total capitalization	78,477,087,339	78,477,087,339

With full exercise of Oversubscription Option, or an issue size of ₱5,000,000,000.00:

	Actual as of September 30, 2020 (PhP)	After Giving Effect to the Offer (PhP)
	(Unaudited)	
Total debt⁽¹⁾	43,116,594,617	38,218,562,272
Equity:		
Capital stock	5,567,990,720	5,617,990,720
Additional paid-in capital	9,303,641,204	14,151,673,549
Treasury shares	(1,806,540,154)	(1,806,540,154)
Other comprehensive income	794,938,306	794,938,306
Retained earnings	21,500,462,645	21,500,462,645
Total equity	35,360,492,722	40,258,525,066

Total capitalization	78,477,087,339	78,477,087,339
.....		

SUMMARY FINANCIAL AND OPERATING INFORMATION

The following tables set forth summary consolidated financial information for the Company and should be read in conjunction with the independent auditors' reports and the Company's audited consolidated financial statements, including the notes thereto, included elsewhere in this Offer Supplement, and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The summary consolidated financial information as at and for the years ended December 31, 2017, 2018, and 2019 were derived from the Company's audited consolidated financial statements, which were prepared in accordance with PFRS and were audited by Punong Bayan and Araullo in accordance with the Philippine Standards on Auditing ("PSA"). The summary consolidated financial information below is not necessarily indicative of the results of future operations. The unaudited summary consolidated financial information as at and the nine months ended September 30, 2019 and 2020 are also presented.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the years ended December 31,			For the months ended September 30	
	2017 (Audited)	2018 (Audited)	2019 (Audited)	2019 (Unaudited)	2020 (Unaudited)
	(millions)				
Revenue	₱10,181.7	₱11,745.9	₱15,276.5	₱10,508.5	₱9,737.4
Cost of Sales and Services	(4,523.3)	(5,282.0)	(7,010.8)	(4,784.9)	(4,682.1)
Gross Income	5,658.4	6,463.9	8,265.7	5,723.6	5,055.3
Operating Expenses	(1,684.3)	(1,985.6)	(2,474.3)	(1,534.3)	(1,417.0)
Net Operating Income	3,974.1	4,478.3	5,791.4	4,189.3	3,638.3
Finance Costs	(1,134.3)	(1,204.6)	(1,621.7)	(1,133.6)	(1,272.0)
Other Income	1,597.3	1,403.9	1,689.6	1,283.0	965.5
Income before Income Tax	4,437.1	4,677.8	5,859.3	4,338.7	3,331.8
Provision for Income Tax	(298.3)	(2.9)	(280.8)	(129.8)	(24.1)
Net Income	4,138.8	4,674.9	5,578.5	4,208.9	3,307.7
Other Comprehensive Loss	2.1	83.9	(142.3)	-	-
Total Comprehensive Income	₱4,140.9	₱4,758.8	₱5,436.2	₱4,208.9	₱3,307.7

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of December 31,			As of September 30	
	2017 (Audited)	2018 (Audited)	2019 (Audited)	2019 (Unaudited)	2020 (Unaudited)
	(millions)				
ASSETS					
Current Assets					
Cash on Hand and in Banks	₱1,377.4	₱2,143.6	₱853.9	₱501.6	₱722.4
Current Portion of Trade and Other Receivables	2,390.5	3,159.0	4,407.0	8,869.1	3,421.9
Inventories	25,741.3	29,131.4	36,925.3	34,477.5	37,414.5

Due from Related Parties	535.6	1,007.7	1,230.7	1,136.3	1,344.6
Other Current Assets	2,305.6	4,262.1	4,377.8	4,369.7	4,906.9
Total Current Assets	32,350.4	39,703.7	47,794.6	49,354.3	47,810.2
Noncurrent Assets					
Trade and Other Receivables – Net of Current Portion	20,503.1	17,268.9	17,790.1	16,164.5	27,519.9
Available for sale securities	1,152.8	1,349.5	1,212.9	1,349.5	1,212.9
Property and Equipment	309.6	826.5	808.5	833.6	774.7
Investment Properties	295.8	183.8	313.1	159.2	301.6
Other Noncurrent Assets	215.3	312.1	900.9	275.1	973.9
Total Noncurrent Assets	22,476.6	19,940.8	21,025.4	18,781.9	30,783.0
Total Assets	₱54,827.0	₱59,644.5	₱68,820.1	₱68,136.2	₱78,593.2
LIABILITIES AND EQUITY					
Current Liabilities					
Current Portion of Trade and Other Payables	4,245.3	5,703.3	6,438.9	4,719.6	9,445.7
Current Portion of Loans Payable	6,208.5	7,242.8	11,828.2	9,983.3	14,811.6
Bonds Payable - current	-	-	8,385.7	-	8,404.5
Deposits from Customers	441.5	518.3	905.5	433.2	532.6
Due to Related Parties	131.7	57.0	83.8	67.3	85.9
Income Tax Payable	142.1	65.6	82.2	76.9	104.6
Total Current Liabilities	11,169.1	13,587.0	27,724.3	15,280.2	33,384.9
Noncurrent Liabilities					
Trade and Other Payables - Net of Current Portion	144.8	190.2	1,059.9	29.3	1,061.8
Loans Payable - Net of Current Portion	7,241.9	7,764.2	5,756.7	11,934.5	7,208.7
Bonds Payable – non current	8,928.4	8,951.5	590.4	8,969.8	591.2
Deferred Tax Liability	461.6	201.2	870.0	55.2	986.1
Total Noncurrent Liabilities	16,956.7	17,107.1	8,277.0	20,988.9	9,847.8
Total Liabilities	28,125.8	30,694.1	36,001.3	36,269.1	43,232.7
Equity					
Capital Stock	5,568.0	5,568.0	5,568.0	5,568.0	5,568.0
Additional Paid-in Capital	9,303.6	9,303.6	9,303.6	9,303.6	9,303.6
Treasury Shares	-	-	(1,266.5)	(1,066.1)	(1,806.5)
Revaluation surplus	(2.5)	937.2	794.9	937.2	794.9

Retained Earnings	11,832.1	13,141.5	18,418.7	17,124.4	21,500.4
Total Equity	26,701.2	28,950.4	32,818.8	31,867.1	35,360.5
Total Liabilities and Equity	₱54,827.0	₱59,644.5	₱68,820.1	₱68,136.2	₱78,593.2

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended December 31,			For the months ended September 30	
	2017 (Audited)	2018 (Audited)	2019 (Audited)	2019 (Unaudited)	2020 (Unaudited)
			(millions)		
Net Cash From (Used In) Operating Activities	₱270.8	₱5,292.0	₱1,179.3	₱(6,508.1)	₱(2,414.4)
Net Cash Used in Investing Activities	(406.6)	(1,702.9)	(1,904.6)	(43.3)	(22.3)
Net Cash Provided by (Used In) Financing Activities	809.4	(2,822.8)	(595.0)	4,909.4	2,305.2
Net Increase (Decrease) in Cash on Hand and in Banks	673.6	766.2	(1,320.3)	(1,642.0)	(131.5)
Cash on Hand and in Banks at Beginning of Year	703.8	1,377.4	2,174.2	2,143.6	853.9
Cash on Hand and in Banks at End of Year	₱1,377.4	₱2,143.6	₱853.9	₱501.6	₱722.4

KEY PERFORMANCE INDICATORS

Key Performance Indicators	As of December 31, 2018	As of December 31, 2019	As of September 30, 2019	As of September 30, 2020
	Audited	Audited	Unaudited	Unaudited
Current Ratio ⁽¹⁾	2.92	1.72	3.23	1.43
Book Value Per Share ⁽²⁾	5.24	6.04	5.86	6.56
Debt to equity ratio ⁽³⁾	1.06	1.10	1.14	1.22
Debt Service Coverage Ratio ⁽⁴⁾	2.08	1.75	2.08	1.93
Asset to Equity Ratio ⁽⁵⁾	2.06	2.10	2.14	2.22
Asset to Debt Ratio ⁽⁶⁾	1.94	1.91	1.88	1.82
Interest Coverage Ratio ⁽⁷⁾	4.87	4.61	6.03	4.37
Gross Income Margin ⁽⁸⁾	55.03%	54.11%	54.47%	51.92%
EBITDA Margin ⁽⁹⁾	50.71%	49.69%	52.65%	47.97%
Net Income Margin ⁽¹⁰⁾	39.80%	36.52%	40.05%	33.97%

Notes:

(1) Current ratio: Current asset over current liabilities

(2) Book value per share: Total equity over outstanding common shares

(3) Debt to equity ratio: Total debt over total equity; After the Issue Date, the Debt to Equity Ratio shall be 1.05 without the exercise of the oversubscription and 0.95 with the exercise of the oversubscription..

(4) Debt Service Coverage Ratio: EBITDA/Debt Service (based on preceding 12 months)

(5) Asset to equity ratio: Total asset/total equity

(6) Asset to Debt Ratio: Total Asset/total debt

(7) Interest Coverage Ratio: Earnings before interest and taxes over interest expense

(8) Gross Income Margin: Gross Income/Revenue

(9) EBITDA Margin: Earnings before interest, taxes and depreciation over revenue

(10) Net Income margin: Net income over revenue

RISK FACTORS

GENERAL RISK WARNING

An investment by an investor in the Offer Shares involves a number of risks. The price of securities can and does fluctuate, and any individual security is likely to experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not indicative of future performance and results, and there may be a large difference between the buying price and the selling price of any security. Investors should carefully consider all the information contained in the Prospectus and this Offer Supplement, including the risk factors described below, before deciding to invest in the Offer Shares. The occurrence of any of such events, or other events not currently anticipated, could have a material adverse effect on the Company's business, financial condition and results of operations and cause the market price of the Offer Shares to decline. All or part of an investment in the Offer Shares could be lost. The means by which the Company intends to address the additional risk factors discussed herein are principally presented under the captions "Business," particularly under "Competitive Strengths" "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry," and "Board of Directors and Senior Management—Corporate Governance" of the Prospectus and this Offer Supplement.

PRUDENCE REQUIRED

This risk factor discussion below does not purport to disclose all of the risks and other significant aspects of investing in the Offer Shares. Investors should undertake independent research and study the trading of securities before commencing any trading activity. Investors should seek professional advice regarding any aspect of the securities such as the nature of risks involved in the trading of securities, and specifically those of high-risk securities. Investors may request publicly available information on the Offer Shares and the Company from the SEC. The risk factors discussed in this section are of equal importance and are only separated into categories for easy reference.

RISKS RELATING TO THE COMPANY'S 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.

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 30 June 2020, there have been over 10 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 placed the entire Luzon island under total lockdown (Enhanced Community Quarantine or "ECQ") on 16 March 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 12 April 2020 but was first extended to 30 April 2020 then to 15 May 2020. Lockdown was further extended for some areas including Metro Manila and Cebu to 31 May 2020 under the Modified Enhanced Community Quarantine ("MECQ") while some regions were placed under either General Community Quarantine ("GCQ") or Modified General Community Quarantine ("MGCQ"). On 1 June 2020, quarantine measures were relaxed in Metro Manila and Cebu City, both of which were placed under the less stringent GCQ. On 16 June 2020 up until 15 July 2020, Cebu City was again placed under ECQ following the rise of COVID-19 cases in the region, then MECQ up until 30 July 2020, and finally GCQ starting 1 August 2020. Following calls of health workers for a timeout after a spike of COVID-19 cases, Metro Manila, Laguna, Cavite and Bulacan were placed on MECQ for the period from 4 August 2020 until August 18, 2020 and was reverted back to GCQ up until September 30, 2020. While there have been moves for quarantine measures to be slowly eased nationwide, there can be no assurance that ECQ, MECQ, or similar measures will not be re-imposed or that the GCQ will not be extended.

In addition, Congress enacted Republic Act No. 11469 or the “Bayanihan to Heal As One Act”, which took effect on 25 March 2020 and which granted the President the power to provide for a minimum of thirty (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 (6) 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 thirty (30) days, which is automatically extended if the ECQ period is extended.

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 extends 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 sixty (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 of 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 of 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.

The curtailed economic activity brought about by the quarantine measures caused decreases in consumer purchasing power and has resulted in significant drops in demand for housing and other real properties. 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 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 Offer Supplement and thus adversely affecting the Company’s operation and capabilities of paying dividends on the Offer Shares. Currently, the constrained economic activities brought by the COVID-19 has resulted in mass layoffs and repatriation of thousands of 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.

To mitigate this risk, the Company continue to explore alternative measures to adapt to the “new normal”, including setting up an online selling platform to market its products and communicating with its buyers to assist them in payments and possible restructuring of home loans. The Company has also resumed construction activities

while complying with government regulations on safety and health protocols. Furthermore, once the moratorium under the Bayanihan II is lifted, the Company shall resume collections (e.g. house to house collection for convenience of homeowners), while providing the homeowners loan restructuring options, when necessary. In terms of project default payments due to the increase in exposure of credit risk, the project cost is at most 50% of total potential revenue of such project, thus, in case there will be decrease in collections due to COVID-19 effects on buyers' capacity to pay, committed project payments may still be serviced. Further, corresponding units of existing buyers are in most cases completed and turned over to buyer, thus, risk of non-completion is nil.

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 overseas Filipinos ("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;
- pandemics and 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.

The Philippines is currently experiencing an economic downturn following the Taal volcano eruption in January and the COVID-19 pandemic and the resultant lockdown. The country's gross domestic product contracted 0.2% in the first quarter of 2020 and is expecting a bleaker outlook in the second quarter when lockdowns were in full swing in many areas and economic activities were constrained. A global recession is also predicted for the year 2020 as the economic effects of the COVID-19 pandemic are felt in other countries, which also adversely affect the Philippine economy.

Further, considerable economic and political uncertainties currently exist in the Philippines that could have adverse effects on consumer spending habits, construction costs, availability of labor and materials and other factors affecting the Company's business. See "Risks Relating to the Philippines."

To mitigate this risk, the Company intends to further grow its existing Mass Housing revenue base; promote increased home ownership in the Mass Housing segment through the development of financing projects tailored to specific needs, requirements and financial situation of its Mass Housing customers; diversify into new product types to supplement its subdivision and MRB offerings; and increase efficiencies in all facets of its operations and processes. For further discussion, please see page 86, "Key Strategies".

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 Gold 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.

Furthermore, the Company's current financing arrangements with banks with respect to CTS Gold loans generally have a tenor of one (1) to five (5) years. If this timeframe expires and the corresponding loan is not taken up by Pag-IBIG, the Company may need to either pay down the balance on the loan, arrange for extensions to the loan, or finance the loan from another source. There can also be no guarantee that the Company will be able to arrange for replacement financing easily or at all. If the number of and amount involved in the loans not taken up by Pag-IBIG 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.

To mitigate this risk, the Company relies on its industry experience and in-depth knowledge and understanding of the needs, preferences, means and constraints of the Mass Housing segment customer base. 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. For further discussion, please see page 84 on *"Competitive Strengths – Customer-focused product and payment scheme best suited for the Mass Housing market, coupled with effective collection and risk management policies."*

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

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 loan take-ups and the banks may also deny these loans for various reasons. 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.

To mitigate this risk the Company maintains strong relationships with key housing and shelter agencies. For further discussion please see page 85 on *"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 mitigation 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 5.5% to 5.75%. 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, 2019, the Company has submitted to PAG-IBIG approximately 1,606 CTS receivables, which is 27% of total units, equivalent to approximately ₱1.6 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 and 2020, certain subsidiaries of the Company entered into various RSPAs with Fillmore Resources Holdings Inc. ("Fillmore") for the sale of CTS Receivables at face value (outstanding principal balance at the time of sale) 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 ₱6.5 billion which the 8990 subsidiaries have assigned to Fillmore, and which receivables constituted 4.92% and 4.64% of the consolidated assets of the Company in 2019 and 2020 (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 ₱10.31 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 Fillmore.

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 transactions will materialize. The Company might not always successfully 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 liquidity 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 experienced 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 expenditures to acquire land for development, complete existing projects and commence construction on new developments. For the years 2017, 2018 and 2019, the Company spent ₱1,014,399,690, ₱1,691,923,456 and ₱1,516,407,909, respectively, for land banking expenditures for its real estate development projects, which are 10%, 14% and 11%, respectively, of revenues. For the nine months ended September 30, 2019 and 2020, the Company spent ₱1,027,657,431 million and ₱513,417,723 million, respectively, for land banking expenditures for its real estate development projects.

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 be able to obtain sufficient funds at all. Failure to obtain the requisite funds could delay or prevent the acquisition of land, completion of old projects or commencement of new 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 OFWs, 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 expenses 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 affect 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 homebuyer and the overall attractiveness of the project. The time and costs involved in commencing or 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, timing of required approvals 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 revenues and 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.

For information on how the Company mitigates this risk, please see discussion on Competitive Strengths and Key Strategies on pages 83 to 87.

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 levels 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. Furthermore, land acquired by the Company may have pre-existing tenets or obligations that prevent immediate commencement of new developments. 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 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 and horizontal residential units. Under the Maceda Law, buyers who have paid at least two years of installments are granted a grace period of one (1) 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 (2) 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 or at all. 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 20 ongoing projects, as of September 30, 2020, and is expecting to launch three (3) new ones in 2020. License to Sell of the two out of three 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 finance 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. For further discussion, please refer to pages 83 to 87.

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:

- pandemics, 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;
- delays in completion of its prior projects, which would create shortages of contractors and skilled labor due to the Company's regular use of a limited number of contractors (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.*”);
- imposition of lockdowns by the Government, changes in laws or in Government priorities;
- timing of commencement of the projects;
- relocation of existing residents and/or demolition of existing constructions;
- shortages of materials and equipment;
- 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 brands 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 Megawide Construction Corporation, Scheirman Construction Consolidated Incorporated, Lasvazmun and Conmax groups of companies to complete the construction for substantially all of its projects. Should any of the contractors mentioned above become unable to perform with respect to their contracted scope of work, or are unable to expand at sufficiently quick paces needed to meet the Company's demands, 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 all 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 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.

In July 2019, Senate Bill No. 256 or the Agricultural Land Conversion Ban Bill was filed which seeks to prohibit the conversion of irrigated and irrigable agricultural and for non-agricultural uses. The bill is currently pending before Senate Committee on Local Government. If passed into law, the ban may delay the implementation of the Company's proposed projects because the supply of land available for development may be limited. This may further lead to an increase in the acquisition cost of land and the development cost of the Company's projects.

Meanwhile, Presidential Decree No. 957, as amended, ("P.D. 957") and B.P. 220 are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. P.D. 957 and B.P. 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 conditioned 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 a 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 relationships 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 DENR. For environmentally-sensitive projects or at the discretion of the regional office of the DENR, a detailed EIA may be required and the developer will be required to obtain an 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 properties 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.

Furthermore, the accreditation of the Company's projects with unit price between ₱450,000 and ₱3,000,000 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 up to ₱580,000 and under are considered socialized housing projects and enjoy income tax free status by virtue of R.A. 7279. However, there is no guarantee that the Company's future development projects will be able to benefit from the income tax holiday described above, or

that accreditation to receive such benefit will not be delayed. In the event of delays, sales prior to receipt of approval may be taxed. The delay or absence of this income tax holiday on any of the Company's future development projects 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.

For information on how the Company mitigates this risk, please see discussion on Competitive Strengths and Key Strategies on pages 83 to 87.

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 years, 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 results of operations.

For information on how the Company mitigates this risk, please see discussion on Competitive Strengths and Key Strategies on pages 83 to 87.

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 fifteen (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, 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 8990 Majority Shareholders 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 and installment contract receivables and related other assets and assumption of related liabilities.

The transactions referred to above are described under "Related Party Transactions" and the notes to the Company's consolidated financial statements appearing elsewhere in this Offer Supplement. The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with the 8990 Majority Shareholders. 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 8990 Majority Shareholders in a number of other areas relating to its businesses, including:

- Major business combinations involving the Company and/or its Subsidiaries;
- Plans to develop the respective businesses of the Company and/or its Subsidiaries; and
- Business opportunities that may be attractive to the 8990 Majority 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.

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

8990 is a holding 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 services 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 funds 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 restrictions 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.

For more information on how the Company intends to maintain the strong results of operations and financial position of the Company please see discussion on Competitive Strengths and Key Strategies on pages 83 to 87.

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 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 activities.

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 the ability of the Company, its contractors and its third party marketing agents to maintain productive workforces. Any strikes, work stoppages, work slowdowns, grievances, complaints or claims of unfair practices or other deterioration in the Company's, its contractors' or its third party marketing agents' 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 decisions 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 obligations 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 increased 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, acquisitions or general corporate purposes;
- require the Company to dedicate a significant portion of its cash flow from operations to the payment of principal and interest on its debt, which would reduce the funds available for the Company's working capital needs, capital expenditures or dividend payments;
- limit the Company's flexibility in planning for, or reacting to, changes in the business and the industry in which the Company operates;
- require the Company to comply with financial and other covenants that could impose significant restrictions on the Company's existing and future businesses and operations;
- place the Company at a competitive disadvantage compared to competitors that have less debt; and
- subject the Company to higher interest expense in the event of increases in interest rates as a significant portion of the Company's debt is and may continue to be at variable rates of interest.

Any of the above could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

For information on how the Company intends to maintain its business, strong financial conditions, results of operations and cash flows, please see discussion on Competitive Strengths and Key Strategies on pages 83 to 87.

RISKS RELATING TO THE PHILIPPINES

Any political instability in the Philippines may adversely affect the Company.

The Philippines has from time to time experienced severe political and social instability. The Philippine Constitution provides that, in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately owned public utility or business. In the last few years, there has been political instability in the Philippines, including impeachment proceedings against two former presidents, removal of two chief justices of the Supreme Court of the Philippines, hearings on graft and corruption issues against various government officials, and public and military protests arising from alleged misconduct by previous and current administrations.

In July 2019, sedition, inciting to sedition, libel, cyber-libel, harboring a criminal and obstruction of justice cases and other criminal cases were filed against several personalities including incumbent Vice President Leni Robredo, former senator Antonio Trillanes, IV, incumbent senators Risa Hontiveros and Leila de Lima, Catholic Archbishops Socrates Villegas and Pablo David, De La Salle University President, Armin Luistro, and seven opposition senatorial candidates who lost in the May 2019 elections – Jose “Chel” Diokno, Romulo Macalintal, Florin Hilbay, Samira Gutoc, and Erin Tanada. In February 2019, journalist Maria Ressa was ordered arrested on charges of cyber libel. Her arrest elicited concern from the international community and has been criticised by various groups as an attempt by the government to silence critical press coverage against President Rodrigo Duterte and his administration. In December 2018, Senator Antonio Trillanes III was ordered arrested in connection with a libel case filed by presidential son Paolo Duterte. In February 2017, Senator Leila de Lima was arrested after charges were filed in court accusing her of orchestrating a drug-trafficking ring during her term as Secretary of the Department of Justice from 2010 to 2015. Senator Trillanes and Senator de Lima are outspoken critics of the Duterte administration. In May 2018, the Supreme Court ruled against Maria Lourdes P. Sereno in the quo warranto proceedings initiated by the Office of the Solicitor General, removing her from the post of Chief Justice of the Supreme Court. On June 2018, former President Benigno Aquino III was indicted for usurpation of legislative powers concerning the Disbursement Acceleration Program during his term. Moreover, several individuals who were high-ranking officers under the administration of President Aquino have also been indicted for graft and corruption charges and drug trafficking among other offenses. In addition, according to the United Nations Human Rights Council (UNHRC), there is an “extraordinarily high number of deaths – and persistent reports of extrajudicial killings – in the context of campaigns against drug use” in the Philippines. In July 2019, the UNHRC approved a resolution calling for an investigation into the drug war to prevent more extra-judicial killings.

There can be no assurance that political violence will not occur in the future, and any such events could negatively impact the Philippine economy. An unstable political environment, whether due to the impeachment of government officials, imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting, could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material adverse effect on the Company’s business, financial condition and results of operations.

In May 2016, the Philippines elected a new chief executive, President Rodrigo Duterte. The Duterte administration has unveiled a “Ten-Point Socio-Economic Agenda” focusing on peace and order, ease of doing business, policy continuity, tax reform, infrastructure spending and countryside development, among others.

In May 2019, the Philippine legislative and local elections were held. Majority of the senatorial candidates endorsed by the administration won the 2019 elections. The senators elected in the 2019 elections will join the senators elected in the 2016 elections. There are allegations of fraud and voter disenfranchisement in the conduct of the 2019 elections. In addition, perceptions over human rights and geopolitical issues may affect the overall sentiment on the Philippines and the business environment. The Company may be affected by political and social developments in the Philippines and changes in the political leadership and/or government policies in the Philippines.

No assurance can be given that the political environment in the Philippines will remain stable and any political instability in the future could reduce consumer demand, or result in inconsistent or sudden changes in regulations and policies that affect the Company’s business operations, which could have an adverse effect on the results of operations and the financial condition of the Company.

Acts of terrorism, clashes with separatist groups and violent crimes could lead to possible destabilization of the country which could have a material adverse effect on the Company's business and financial condition and results of operation.

The Philippines has been subject to a number of terrorist attacks in the past several years. In recent years, the Philippine military has been in armed conflict with extremist militants, which have ties with international terrorist groups, and have been responsible for terrorist activities including armed intrusions in several cities or municipalities and isolated bombings, mainly in regions in the southern part of the Philippines.

On May 23, 2017, it was reported that a clash erupted in Marawi, Lanao del Sur between Government security forces and the ISIS affiliated-Maute group, following the Government's offensive to capture an alleged ISIS leader in Southeast Asia who was believed to be in the city. Martial law was declared in Mindanao amid protests from the opposition and sectors of civil society. In a special joint session convened on July 22, 2017, both Houses of Congress voted to grant the request of President Duterte to extend martial law in Mindanao until the end of 2017 as the rebellion could not be completely quashed over the initial 60-day period of martial law. Prior to the end of 2017, in a special joint session convened on December 13, 2017, both Houses of Congress voted to grant the request of President Duterte to further extend martial law in Mindanao until the end of 2018 as there are continued threats from local and ISIS-inspired terrorist groups. Some sectors however are wary of the prolonged extension of the martial law, citing its negative impact on business, tourism, the country's image (as this relates to the current administration's ability to quickly restore peace and order in Marawi), and investor confidence. The on-going clashes have resulted in the loss of lives of civilians, soldiers and ISIS-inspired extremists, as well as damage to property and livelihood of Marawi residents. An increase in the frequency, severity or geographic reach of these terrorist acts, violent crimes, bombings and similar events could have a material adverse effect on investment and confidence in, and the performance of, the Philippine economy. Any such destabilization could cause interruption to parts of the Company's businesses and materially and adversely affect its financial conditions, results of operations and prospects. For the third time on December 17, 2018, Martial Law was extended by both Houses of Congress until December 31, 2019. In January 2019, members of the House of Representatives, human rights lawyers, and Mindanao residents filed separate petitions with the Supreme Court questioning the third extension of Martial Law in Mindanao. On February 19, 2019, the Supreme Court en banc voted to uphold the constitutionality of the third extension of martial law in Mindanao and to dismiss the petitions. The martial law in Mindanao was lifted on January 1, 2020; however, certain areas in Mindanao remain under a state of emergency and law enforcement groups are in heightened security as a measure against potential terror threats.

The Duterte administration also has initiated efforts to build peace with communist rebels and other separatists through continuing talks with these groups. There was a new version of the Bangsamoro Basic Law that crafted under the Duterte administration, which was signed into law by President Rodrigo Duterte on July 26, 2018. The Bangsamoro Organic Law (BOL) abolished the Autonomous Region in Muslim Mindanao and created the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM). The BARMM will be parliamentary-democratic in form, and will be headed by a chief minister, who will preside over an 80-member parliament. The BOL was ratified in a plebiscite held on January 25, 2019.

These continued conflicts between the Government and separatist groups could lead to further injuries or deaths by civilians and members of the Armed Forces of the Philippines, which could destabilise parts of the Philippines and adversely affect the Philippine economy. An increase in the frequency, severity or geographic reach of these terrorist acts, violent crimes, bombings and similar events could have a material adverse effect on investment and confidence in, and the performance of, the Philippine economy. Any such destabilization could cause interruption to the Company's business and materially and adversely affect the Company's financial conditions, results of operations and prospects.

Territorial and other disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

The Philippines, China and several Southeast Asian nations have been engaged in a series of long standing territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea. In 2013, due to rising tensions arising from a dispute between the Philippines and China over a group of small islands and reefs known as the Scarborough Shoal, the Philippines filed a case before the Permanent Court of Arbitration, to legally challenge China's claim in the West Philippine Sea and resolve the dispute under the UNCLOS. In July

2016, the tribunal constituted by the Permanent Court of Arbitration rendered a decision upholding the exclusive sovereign rights of the Philippines over the West Philippine Sea and that China's "nine-dash-line" claim, which covered nearly all of the West Philippine Sea, is invalid. On May 18, 2018, China's People's Liberation Army Air Force announced that it has sent an H-6K bomber in the Paracel Islands in the South China Sea. On 9 June 2019, a fishing boat manned by Filipino fishermen was rammed by a Chinese vessel at Recto Bank, an underwater feature being claimed by both the Philippines and China in the portion of the South China Sea portion that Manila calls the West Philippine Sea. The Filipino fishermen were abandoned in open sea and were eventually rescued by a Vietnamese vessel. This incident increased tensions between China and the Philippines, though the owners of the Chinese vessel have since apologized.

On April 18, 2020, China declared some features in the Kalayaan Group of Islands, a municipality of the Palawan province of the Philippines and located in the West Philippine Sea, as under the Chinese districts of Nansha and Xisha under the supposed administrative jurisdiction of its self-declared Sansha City. The Department of Foreign Affairs has objected to this move by Beijing, and has filed diplomatic protests with China over said incidents. Under the administration of President Rodrigo R. Duterte, the Philippine government has taken measures to ease tensions with China which was brought about by the two countries' territorial dispute.

There is no guarantee that the territorial dispute between the Philippines and other countries, including the PRC, would end or that any existing tension will not escalate further, as the PRC has taken steps to exercise control over the disputed territory. Should territorial disputes continue or escalate further, the Philippines and its economy may be disrupted and the Company's operations could be adversely affected as a result. In particular, further disputes between the Philippines and other countries may lead to reciprocal trade restrictions on the other's imports or suspension of visa-free access and/or OFW permits. Any impact from these disputes in countries in which the Company has operations could materially and adversely affect the Company's business, financial condition and results of operations.

Investors may face difficulties enforcing judgments against the Company.

Considering that the Company is organized under the laws of the Republic of the Philippines and a significant portion of its operating assets are located in the Philippines, it may be difficult for investors to enforce judgments against the Company obtained outside of the Philippines. In addition, most of the directors and officers of the Company are residents of the Philippines, and all or a substantial portion of the assets of such resident directors and officers are located in the Philippines. As a result, it may be difficult for investors to effect service of process upon such persons, or to enforce against them judgments obtained in courts or arbitral tribunals outside the Philippines predicated upon the laws of jurisdictions other than the Philippines.

The Philippines is party to the United Nations Convention on the Enforcement and Recognition of Arbitral Awards, though it is not party to any international treaty relating to the recognition or enforcement of foreign judgments. Nevertheless, the Philippine Rules of Civil Procedure provide that a judgment or final order of a foreign court is, through the institution of an independent action, enforceable in the Philippines as a general matter, unless there is evidence that: (i) the foreign court rendering judgment did not have jurisdiction; (ii) the judgment is contrary to the laws, public policy, customs or public order of the Philippines; (iii) the party against whom enforcement is sought did not receive notice; or (iv) the rendering of the judgment entailed collusion, fraud, or a clear mistake of law or fact.

The sovereign credit ratings of the Philippines may adversely affect the Company's business.

Historically, the Philippines' sovereign debt has been rated relatively low by international credit rating agencies. International credit rating agencies issue credit ratings for companies with reference to the country in which they are resident. As a result, the sovereign credit ratings of the Philippines directly affect companies that are residents in the Philippines, including the Company. As of May 7, 2020, the Philippines' long-term foreign currency-denominated debt was rated BBB by Fitch and Moody's kept its Baa2 rating on July 16, 2020. On May 29, 2020, S&P Global Ratings maintained a BBB+ stable rating. No assurance can be given that Standard & Poor's, Fitch Ratings or Moody's or any other international credit rating agency will not downgrade the credit ratings of the Government in the future and, therefore, Philippine companies. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

RISKS RELATING TO THE OFFER SHARES

The Offer Shares may not be a suitable investment for all investors

Each potential investor in the Offer Shares must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Offer Shares, the merits and risks of investing in the Offer Shares and the information contained in this Offer Supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Offer Shares and the impact the Offer Shares will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Offer Shares, including where the currency for principal or dividend payments is different from the currency of the potential investor;
- understand thoroughly the terms of the Offer Shares and be familiar with the behavior of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, foreign exchange rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Company's Shares are subject to Philippine foreign ownership limitations.

The Philippine Constitution and Philippine statutes restrict the ownership of private lands to Philippine Nationals. The term Philippine National, as defined under the Foreign Investments Act or Republic Act No. 7042, as amended, means a citizen of the Philippines, or a domestic partnership or association wholly owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals.

Considering the foregoing, as long as the Company or any of the Subsidiaries owns land, foreign ownership in the Company shall be limited to a maximum of 40% of the Company's total issued and outstanding capital stock entitled to vote in the election of directors and total issued and outstanding capital stock, whether or not entitled to vote in the election of directors. Accordingly, the Company cannot allow the issuance or the transfer of Shares to persons other than Philippine Nationals and cannot record transfers in the books of the Company if such issuance or transfer would result in the Company ceasing to be a Philippine National for purposes of complying with the restrictions on foreign land ownership discussed above. This restriction may adversely affect the liquidity and market price of the Shares to the extent international investors are not permitted to purchase Shares in normal secondary transactions.

Redemption at the option of the Issuer

The Offer Shares are perpetual and have no fixed final maturity date. Holders have no right to require the Company to redeem the Offer Shares at any time and they can only be disposed of by sale in the secondary market. Holders who wish to sell their Offer Shares may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Offer Shares. Therefore, Shareholders should be aware that they may be required to bear the financial risks of an investment in the Offer Shares for an indefinite period of time.

The sale of the Offer Shares or any rights thereto prior to the listing of the Offer Shares cannot be made through the PSE. The Company has filed an application for the listing of the Offer Shares on the PSE.

Prior to the listing of the Offer Shares to the PSE, the sale of subscription rights to the Offer Shares may be treated as sale of shares and subject to documentary stamp tax, capital gains tax (on any gain derived from the sale thereof) or donor's tax (in case of donation or sale of the subscription rights to the Offer Shares for a price below the fair market value of the subscription rights).

The Company may purchase the Offer Shares at any time in the open market or by public tender or by private contract at any price through the PSE. The Offer Shares so purchased may either be redeemed and cancelled (after the Optional Redemption Date) or kept as treasury shares.

The Company shall give not less than thirty (30) days prior written notice of its intention to redeem the Offer Shares, which notice shall be irrevocable and binding upon the Company to effect such early redemption of the Offer Shares at the Redemption Date stated in such notice.

In the event an Optional Redemption Date which the Company has chosen as the date to redeem the Offer Shares on a day that is not a Banking Day, the redemption shall be made on the next succeeding day that is a Banking Day, without adjustment as to the Redemption Price and the amount of accrued dividends to be paid.

Volatility of market price of the Offer Shares

The market price of the Offer Shares could be affected by various factors, including:

- general market, political and economic conditions;
- changes in earnings estimates and recommendations by financial analysts;
- changes in market valuations of listed stocks, in general, and stocks of other conglomerates;
- changes to government policy, legislation or regulations; and
- general operational and business risks.

In addition, many of the risks described within this section could materially and adversely affect the market price of the Offer Shares.

Additional Taxes

The sale, exchange or disposition of the Offer Shares after the Offer Period, if made outside the facilities of the PSE is subject to capital gains tax and documentary stamp tax, and if made through the facilities of the PSE (except for a dealer in securities) is subject to stock transaction tax. Changes in laws, rules and regulations may result in additional taxes on the acquisition, disposition, or transfer of the Offer Shares. For a discussion on the taxes currently imposed by the Bureau of Internal Revenues of the Philippines (“BIR”), please refer to the section on “*Taxation*” on pages 60 to 65 of the Offer Supplement.

Deferral of dividend payment

Dividends on the Offer Shares may not be paid or the Company may pay less than full dividends, under the terms and conditions governing the Offer Shares. Shareholders will not receive dividends on a Dividend Payment Date or for any period during which the Company does not have retained earnings out of which to pay dividends.

Subordination to other indebtedness of the Company

The obligations of the Company under the Offer Shares are unsecured and are subordinated obligations to all of the indebtedness of the Company. The rights and claims of Shareholders will (subject to the extent permitted by law) rank senior to the holders of the Common Shares of the Company and *pari passu* with the other preferred shares.

In the event of the winding-up of the Company, the Offer Shares rank junior in right of payment to all indebtedness of the Company and junior in right of payment to securities of, or claims against, the Company which rank or are expressed to rank senior to the Offer Shares. There is a substantial risk that an investor in the Offer Shares will not receive any return of the principal amount or any unpaid amounts due under the terms of the Offer unless 8990 can satisfy in full all of its other obligations ranking senior to the Offer Shares.

There are no terms in the Offer Shares that limit the ability of 8990 to incur additional indebtedness, including indebtedness that ranks senior to or *pari passu* with the Offer Shares.

Insufficient distributions upon liquidation

Upon any voluntary or involuntary dissolution, liquidation or winding up of 8990, holders of Offer Shares will be entitled only to the available assets of the Company remaining after the indebtedness of 8990 is satisfied. If any such assets are insufficient to pay the amounts due on the Offer Shares, then the Shareholders shall share ratably in any such distribution of assets in proportion to the full distributions to which they would otherwise be respectively entitled.

Subordination of payments to the Holders of the Offer Shares

8990 has and will continue to have a certain amount of outstanding indebtedness. The current terms of the financing agreements of 8990 contain provisions that could limit the ability of the Company to make payments to the Shareholders. Also, 8990 may in the future, directly or indirectly through its subsidiaries, enter into other financing agreements which may restrict or prohibit the ability of the Company to make payments on the Offer Shares. There can be no assurance that existing or future financing arrangements will not adversely affect the ability of 8990 to make payments on the Offer Shares.

Liquidity of the securities market

The Philippine securities markets are substantially less liquid and more volatile than major securities markets in other jurisdictions, and are not as highly regulated or supervised as some of these other markets. The Company cannot guarantee that the market for the Offer Shares will always be active or liquid upon their listing on the PSE.

In addition, the Company and the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner are not obligated to create a trading market for the Preferred Shares and any such market making will be subject to the limits imposed by applicable law, and may be interrupted or discontinued at any time without notice. Accordingly, the Company cannot predict whether an active or liquid trading market for the Offer Shares will develop or if such a market develops, if it can be sustained. Consequently, a shareholder may be required to hold his Offer Shares for an indefinite period of time or sell them for an amount less than the Offer Price.

Effect of non-payment of dividends

If dividends on the Offer Shares are not paid in full, or at all, the Offer Shares may trade at a lower price than they might otherwise have traded if dividends had been paid. The sale of Offer Shares during such a period by a holder of Offer Shares may result in such holder receiving lower returns on the investment than a holder who continues to hold the Offer Shares until dividend payments resume. In addition, because of the dividend limitations, the market price for the Offer Shares may be more volatile than that of other securities that do not have these limitations.

Inability to reinvest at a similar return on investment upon redemption

On the Optional Redemption Date or at any time redemption occurs, 8990 may redeem the Offer Shares at the Redemption Price, as described in “*Description of the Securities*”. At the time of redemption, interest rates may be lower than at the time of the issuance of the Offer Shares and, consequently, the Shareholders may not be able to reinvest the proceeds at a comparable interest rate or purchase securities otherwise comparable to the Offer Shares.

Limited voting rights

Holders of Offer Shares will not be entitled to elect the Board of Directors of the Company. Except as specifically set forth in the Amended Articles of Incorporation and Enabling Resolutions and as provided by Philippine law, holders of Offer Shares will have no voting rights (see “*Description of the Securities*” on page 78).

TAXATION

The following is a general description of certain Philippine tax aspects of the investment in the Offer Shares. This discussion is based on laws, regulations, rulings, income tax conventions (tax treaties), administrative practices and judicial decisions in effect at the date of this Offer Supplement, and is subject to any changes in law occurring after such date. Subsequent legislative, judicial or administrative changes or interpretations may be retroactive and could affect the tax consequences to the prospective investor.

The tax treatment of a prospective investor may vary depending on such investor's particular situation and certain investors may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to an investor, or to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rates

This general description does not purport to be a comprehensive description of the Philippine tax aspects of the investments in shares and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing the shares under applicable tax laws of other applicable jurisdictions and the specific tax consequence in light of particular situations of acquiring, owning, holding and disposing the shares in such other jurisdictions.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE PREFERRED SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL AND NATIONAL TAX LAWS.

As used in this section, the term “resident alien” refers to an individual whose residence is within the Philippines and who is not a citizen thereof; a “non-resident alien” is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines; a non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a “non-resident alien engaged in trade or business in the Philippines;” otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a “non-resident alien not engaged in trade or business in the Philippines.” A “resident foreign corporation” is a foreign corporation engaged in trade or business within the Philippines; and a “non-resident foreign corporation” is a non-Philippine corporation not engaged in trade or business within the Philippines.

The term “non-resident holder” means a holder of the Company’s shares:

- who is an individual who is neither a citizen nor a resident of the Philippines or an entity which is a non-resident foreign corporation; and
- should a tax treaty be applicable, whose ownership of the Company’s shares is not effectively connected with a fixed base or a permanent establishment in the Philippines.

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion (“TRAIN Law”) took effect. The TRAIN Law is the first package of the Philippine government’s Comprehensive Tax Reform Program (“CTRP”). It amended various provisions of the Philippine Tax Code, including those on ordinary income tax of individuals, capital gains tax on the sale and disposition of shares of stock, estate tax, donor’s tax, and documentary stamp tax. The corporate income tax portions of the Tax Code have yet to be amended under the TRAIN Law; however, this is expected to be addressed in the second package of the CTRP, which will reportedly aim to gradually lower corporate income taxes from 30% to 20%, and to modernize fiscal incentives in a bid to complement the expected incremental revenues from the first package.

CORPORATE INCOME TAX

A domestic corporation is subject to a tax of 30% of its taxable income from all sources within and outside the Philippines. Taxable net income refers to items of income specified under Section 32 (A) of the Philippine Tax Code, less itemized deductions under Section 34 of the Tax Code or those allowed under special laws, or the optional standard deduction equivalent to an amount not exceeding 40% of the corporation’s gross income.

Passive income of a domestic corporations are taxed as follows: (a) gross interest income from Philippine currency bank deposits and yield from deposit substitutes, trust funds and similar arrangements as well as royalties from sources within the Philippines which are generally taxed at the lower final withholding tax rate of 20% of the gross amount of such income; and (b) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax at the rate of 15% of such income.

A minimum corporate income tax of 2% of the gross income as of the end of the taxable year is imposed on a domestic corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the minimum corporate income tax is greater than the ordinary income tax for the taxable year.

Nevertheless, any excess of the minimum corporate income tax over the ordinary corporate income tax shall be carried forward and credited against the latter for the three immediately succeeding taxable years. Further, subject to certain conditions, the minimum corporate income tax may be suspended with respect to a corporation which suffers losses on account of a prolonged labor dispute, *force majeure* or legitimate business reasons.

TAX ON DIVIDENDS

Cash and property dividends received from a domestic corporation by individual shareholders who are either citizens or residents of the Philippines are subject to a final withholding tax at the rate of 10%. Cash and property dividends received from a domestic corporation by domestic corporations or resident foreign corporations are not subject to tax.

Cash and property dividends received from a domestic corporation by non-resident alien individuals engaged in trade or business in the Philippines are subject to a 20% final withholding tax on the gross amount thereof.

Cash and property dividends received from a domestic corporation by non-resident alien individuals not engaged in trade or business in the Philippines are subject to a final withholding tax at 25% of the gross amount but may be subject to the applicable preferential tax rates under tax treaties executed between the Philippines and the country of residence or domicile of such non-resident foreign individuals.

Cash and property dividends received from a domestic corporation by another domestic corporation or by a resident foreign corporation are not subject to income tax, while those received by a non-resident foreign corporation are generally subject to income tax at a final withholding tax rate of 30%. If the non-resident foreign corporation is a resident of a country with which the Philippines has an existing tax treaty in force, the dividends will be subject to the applicable preferential tax rates under income tax treaties (please see discussion on tax treaties below.) However, if the non-resident foreign corporation is a resident of a country with no existing tax treaty with the Philippines, the 30% income tax rate for dividends may be reduced to a lower rate of 15% whenever:

- (1) the country where the non-resident foreign corporation is domiciled imposes no tax on foreign sourced dividends, or
- (2) the country of domicile of the non-resident foreign corporation allows at least 15% credit equivalent for taxes deemed to have been paid in the Philippines.

In order to avail of the 15% tax sparing rate, Revenue Memorandum Circular No. 80-91 (Publishing the Resolution of the Supreme Court dated March 7, 1990 in G.R. No. 76573 entitled “**Marubeni Corporation vs. Commissioner of Internal Revenue and Court of Tax Appeals**” re: pre-requisites for the availment of 15% preferential tax rate under then Section 24 (b)(1) [now Sec. 25(b)(5)(B)] of the Tax Code, as amended dated August 12, 1991) states that the non-resident foreign holder has to submit the following documents to the payor of the cash dividends:

- (1) an authenticated certification issued by the foreign tax authority that the dividends received by the non-resident foreign corporation from the domestic corporation were not among the items considered in arriving at the income tax due from the non-resident foreign corporation;
- (2) the income tax return of the non-resident foreign corporation for the taxable year when the dividends were received; and

- (3) an authenticated document issued by the foreign tax authority showing that the foreign Government allowed a credit on the tax deemed paid in the Philippines or did not impose any tax on the dividends.

The income recipient must also file a request for a ruling from the BIR that the 15% income tax rate is applicable to its receipt of the dividends and the request has to comply with Revenue Memorandum Order No. 9-2014 (Requests for Rulings with the Law and Legislative Division dated February 6, 2014) and other relevant BIR issuances. The income recipient should thereafter provide the payor of the cash dividends with proof of its filing of an application for a ruling with the BIR before the deadline for the remittance to the BIR of the withholding tax on the dividends. If the regular tax rate is withheld by the Issuer instead of the reduced rates applicable under an income tax treaty, the non-resident holder of the shares may file a claim for refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

Transfer taxes (e.g. documentary stamp tax, local transfer tax) may be payable if the dividends declared are property dividends, depending on the type of property distributed as dividends. Stock dividends distributed pro rata to any holder of shares of stock are generally not subject to Philippine income tax. However, the sale, exchange or disposition of shares received as stock dividends by the shareholder is subject to stock transaction tax if the transfer is through a local stock exchange; or if the transfer is made outside of the exchange, capital gains tax; and documentary stamp tax.

The following table lists some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

	Dividends (%)	Stock transaction tax on sale or disposition effected through the PSE(%)⁽⁹⁾	Capital gains tax due on disposition of shares outside the PSE (%)
Canada.....	25 ⁽¹⁾	0.6	May be exempt ⁽¹³⁾
China	15 ⁽²⁾	Exempt ⁽¹⁰⁾	May be exempt ⁽¹³⁾
France.....	15 ⁽³⁾	Exempt ⁽¹¹⁾	May be exempt ⁽¹³⁾
Germany.....	15 ⁽⁴⁾	Exempt ⁽¹²⁾	May be exempt ⁽¹³⁾
Japan	15 ⁽⁵⁾	0.6	May be exempt ⁽¹³⁾
Singapore	25 ⁽⁶⁾	0.6	May be exempt ⁽¹³⁾
United Kingdom.....	25 ⁽⁷⁾	0.6	Exempt ⁽¹⁴⁾
United States	25 ⁽⁸⁾	0.6	May be exempt ⁽¹³⁾

- (1) 15% if the recipient company controls at least 10% of the voting power of the company paying the dividends.
- (2) 10% if the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividends.
- (3) 10% if the recipient company (excluding a partnership) holds directly at least 10% of the voting shares of the company paying the dividends.
- (4) 10% if the recipient company (excluding a partnership) owns directly at least 25% of the capital of the company paying the dividends.
- (5) 10% if the recipient company holds directly at least 10% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six months immediately preceding the date of payment of the dividends.
- (6) 15% if during the part of the paying company's taxable year which precedes the date of payment of dividends and during the whole of its prior taxable year at least 15% of the outstanding shares of the voting shares of the paying company were owned by the recipient company.
- (7) 15% if the recipient company is a company which controls directly or indirectly at least 10% of the voting power of the company paying the dividends.
- (8) 20% if during the part of the paying corporation's taxable year which precedes the date of payment of dividends and during the whole of its prior taxable year, at least 10% of the outstanding shares of the voting shares of the paying corporation were owned by the recipient corporation. Notwithstanding the rates provided under the Republic of the Philippines-United States Treaty, residents of the United States may avail themselves of the 15% withholding tax rate under the tax-sparing clause of the Philippine Tax Code provided certain conditions are met.
- (9) If the stock transaction tax is not expressly included in the tax treaty, the income recipient will be subject to stock transaction tax at the rate of 0.6% of the gross selling price as provided under Section 127 of the Tax Code as amended by the Section 39 of the TRAIN.

- (10) *Article 2(1)(b) of the Agreement between the Government of the Republic of the Philippines and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income was signed on November 18, 1999.*
- (11) *Article 1 of the Protocol to the Tax Convention between the Government of the Republic of the Philippines and the Government of the French Republic Signed on January 9, 1976 was signed in Paris, France on June 26, 1995 signed on June 26, 1995.*
- (12) *Article 2 (3)(a) of Agreement between the Government of the Republic of the Philippines and the Federal Republic of Germany for the Avoidance of Double Taxation with Respect to Taxes on Income and Capital signed on September 9, 2013.*
- (13) *Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.*
- (14) *Under the tax treaty between the Philippines and the United Kingdom, capital gains on the sale of the shares of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.*

When availing of capital gains tax exemption on the sale of shares of stock under an income tax treaty, a tax treaty exemption ruling from the BIR shall be necessary in order to completely implement the transfer. For sale of shares made outside the PSE, a CAR from the BIR is required before the transfer is registered in the stock and transfer book.

The BIR issues the CAR only after verifying that the applicable taxes have been paid. Thus, in lieu of proof of payment of capital gains tax, the tax treaty relief ruling should be submitted to the BIR office processing the CAR.

The requirements for a tax treaty relief application in respect of capital gains tax or the stock transaction tax on the sale of shares are set out in Revenue Memorandum Order No. 72-2010 (Guidelines on the Processing of Tax Treaty Relief Applications Pursuant to Existing Philippine Tax Treaties dated August 25, 2010), BIR Form No. 0901-C, and other BIR issuances. These include, among others, proof of residence in the country that is a party to the income tax treaty. Proof of residence consists of a consularized certification from the tax authority of the country of residence of the seller of shares which provides that the seller is a resident of such country under the applicable income tax treaty. If the seller is a juridical entity, authenticated certified true copies of its articles of incorporation or association issued by the proper government authority should also be submitted to the BIR in addition to the certification of its residence from the tax authority of its country of residence.

The tax treaty relief application has to be filed with the BIR before the first taxable event as defined under Revenue Memorandum Order No. 72-2010, which is, in respect of capital gains tax, before the deadline for the payment of the documentary stamp tax on the sale of shares, or the fifth day following the end of the month when the document transferring ownership was executed.

With respect to the availment of preferential rates for dividends under an income tax treaty, most tax treaties to which the Philippines is a party provide for a reduced tax rate of 15% when the dividend arises in the Philippines and is paid to a resident of the other contracting state. Most income tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the dividend, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant dividend-earning interest is effectively connected with such permanent establishment.

The BIR prescribed certain procedures for availment of tax treaty relief on dividends under Revenue Memorandum Order No. 8-2017 (Procedure for Claiming Tax Treaty Benefits for Dividend, Interest and Royalty Income of Nonresident Income Earners, dated October 24, 2016). The preferential treaty rates shall be applied by the withholding agent/income payor provided that the non-resident income recipient submits, before the dividends are credited or paid, a Certificate of Residence for Tax Treaty Relief ("CORTT") Form that complies with Revenue Memorandum Order No. 8-2017. After the remittance of the withholding tax to the BIR, the withholding agent/income payor shall submit within 30 days an original copy of the duly accomplished CORTT Form. Despite these procedural requirements, the Philippine Supreme Court in *Deutsche Bank AG Manila Branch v. CIR, G.R. No. 188550*, ruled that the period of application for the availment of tax treaty relief should not operate to divest entitlement to the relief as it would constitute a violation of the duty required by good faith in complying with a tax treaty. At most, the application for a tax treaty relief to be filed with the BIR should merely operate to confirm the entitlement of the taxpayer to such relief.

SALE, EXCHANGE OR DISPOSITION OF SHARES

Capital Gains Tax, if sale was made outside the PSE

Pursuant to the TRAIN Law, net capital gains realized by an individual taxpayer or domestic corporation other than a dealer in securities during each taxable year from the sale, exchange or disposition of shares of stock in a Philippine corporation listed at and effected outside of the facilities of the local stock exchange, are subject to a final tax at the rate of 15% beginning January 1, 2018. Net capital gains realized by resident and non-resident foreign corporations during each taxable year from the sale, exchange or disposition of shares of stock in a Philippine corporation listed at but effected outside of the facilities of the local stock exchange, are subject to a final tax as follows: 5% on net capital gains not exceeding ₱100,000.00 and 10% on net capital gains over ₱100,000.00.

Gains from such sale or disposition of shares in a Philippine corporation may be exempt from capital gains tax or subject to a preferential rate under a tax treaty. An application for tax treaty relief must be filed (and approved) by the Philippine tax authorities to obtain a confirmation of exemption or preferential tax rate under a tax treaty. Such application must be filed before the deadline for the filing of the documentary stamp tax return.

The transfer of shares shall not be recorded in the books of the Issuer unless the BIR certifies that the capital gains tax, documentary stamp tax, and other internal revenue taxes relating to the sale or transfer have been paid or, where applicable, tax treaty relief has been confirmed by the International Tax Affairs Division of the BIR in respect of the capital gains tax or other conditions have been met.

Taxes on Transfer of Shares Listed and Traded at the PSE

Unless an applicable treaty exempts the sale from income and/or percentage tax, a sale or other disposition of shares of stock through the facilities of the PSE by a resident or a non-resident holder (other than a dealer in securities), is subject to a stock transaction tax at the rate of 0.6% of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed. This tax is required to be collected by and paid to the Philippine Government by the selling stockbroker on behalf of his client. The stock transaction tax is classified as a percentage tax in lieu of a capital gains tax. Under certain tax treaties, the exemptions from capital gains tax discussed herein may not be applicable to stock transaction tax.

In addition, value added tax ("VAT") of 12% is imposed on the commission earned by the PSE-registered broker from services provided in connection with the sale of shares. VAT is generally passed on to the client.

Prospective purchasers of the Offer Shares should obtain their own tax advice in respect of their investment in relation to these developments.

Documentary Stamp Tax

The original issue of shares of stock is subject to documentary stamp tax ("DST") of ₱2 for each ₱200, or a fractional part thereof, of the par value of the shares of stock issued. The DST on the issuance of the Offer Shares shall be paid by the Company.

The secondary transfer of shares of stock outside the facilities of the PSE is subject to a documentary stamp tax of ₱1.50 for each ₱200, or a fractional part thereof, of the par value of the share of stock transferred. The DST is imposed on the person making, signing, issuing, accepting or transferring the document and is thus payable by the vendor or the purchaser of the shares. However, the sale, barter or exchange of shares of stock listed and traded at the PSE is exempt from documentary stamp tax.

In addition, the borrowing and lending of securities executed under the securities borrowing and lending program of a registered exchange, or in accordance with regulations prescribed by the appropriate regulatory authority, are likewise exempt from DST. However, the securities borrowing and lending agreement should be duly covered by a master securities borrowing and lending agreement acceptable to the appropriate regulatory authority, and should be duly registered and approved by the BIR.

Estate and Donor's Tax

Shares issued by a corporation organized under Philippine laws are deemed to have a Philippine *situs*, and any transfer thereof by way succession or donation, even if made by a non-resident decedent or donor outside the Philippines, is subject to Philippine estate and donor's tax, respectively.

Beginning January 1, 2018, the transfer of shares of stock upon the death of an individual holder to his heirs by way of succession, whether such holder was a citizen of the Philippines or an alien and regardless of residence, is subject to Philippine tax at the rate of 6% based on the value of the decedent's net estate. Moreover, beginning January 1, 2018, individual and corporate holders, whether or not citizens or residents of the Philippines, who transfer shares of stock by way of gift or donation are liable to pay Philippine donors' tax on such a transfer of shares at the rate of 6% computed on the basis of the total gifts in excess of ₱250,000.00 made during the calendar year.

The sale, exchange or transfer of shares outside the facilities of the PSE may also be subject to donor's tax when the fair market value of the shares of stock sold is greater than the amount of money received by the seller. In this case, the excess of the fair market value of the shares of stock sold over the amount of money received as consideration shall be deemed a gift subject to donor's tax.

Estate and donor's tax, however, shall not be collected in respect of intangible personal property, such as shares of stock: (a) if the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or (b) if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

TAXATION OUTSIDE THE PHILIPPINES

Shares of stock in a domestic corporation are considered under Philippine law as situated in the Philippines and the gain derived from their sale is entirely from Philippine sources; hence such gain is subject to Philippine income tax and the transfer of such shares by way of donation (gift) or succession is subject to Philippine donor's or estate taxes, respectively as stated above.

The tax treatment of a non-resident holder of shares of stock in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation. This Offer Supplement does not discuss the tax considerations on non-resident holders of shares of stock under laws other than those of the Philippines.

USE OF PROCEEDS

The net proceeds of the Series B Preferred Shares will be used to refinance existing debt obligations of the Company's Subsidiary, 8990 Housing Development Corporation ("8990 Housing"). The net proceeds will be infused by the Company into 8990 Housing as equity through the subscription by the Company of additional 1.5 billion shares without the oversubscription option or 2.5 billion shares with the oversubscription option in 8990 Housing at Php2.00 per share, which subscription shall be for cash and shall be effective upon the availability of the proceeds of the Offer.

Assuming the full exercise of the Oversubscription Option, the Company expects to raise gross proceeds from the Offer of up to ₱5,000,000,000.00 and the net proceeds are estimated to be at least ₱4,898,032,345.00 after deducting fees, commissions and expenses relating to the issuance of the Offer Shares. Assuming no exercise of the Oversubscription Option, the Company expects to raise gross proceeds from the Offer of up to ₱3,000,000,000.00 and the net proceeds are estimated to be at least ₱2,933,822,345.00 after deducting fees, commissions and expenses relating to the issuance of the Offer Shares.

In the event that less than the estimated net proceeds are obtained, the use of the proceeds will still be for repayment of existing indebtedness with the balance to be repaid by the Company using internally generated funds.

Net proceeds from the Offer are estimated to be at least as follows:

Without the Oversubscription Option: ₱3.0 Billion Issue Size

Total proceeds from the Offer	3,000,000,000
Expenses	
Underwriting and selling fees for the Series A Preferred Shares (including fees to be paid to the Underwriter)	23,685,000
SEC registration and legal research fees	1,830,655
PSE registration and listing fees	5,600,000
Estimated professional fees (including legal, accounting, and financial advisory fees) ..	4,000,000
Documentary stamp taxes	30,000,000
Others	
Stock transfer agency expenses	442,000
Receiving agency expenses	400,000
Advertising expenses	200,000
Other expenses	20,000
Total estimated expenses	<u>63,937,655</u>
Estimated net proceeds from the Offer	<u><u>2,933,822,345</u></u>

With Full Exercise of Oversubscription Option: ₱5.0 Billion Issue Size

Total proceeds from the Offer	5,000,000,000
Expenses	
Underwriting and selling fees for the Series A Preferred Shares (including fees to be paid to the Underwriter)	39,475,000
SEC registration and legal research fees	1,830,655
PSE registration and listing fees	5,600,000
Estimated professional fees (including legal, accounting, and financial advisory fees) ..	4,000,000
Documentary stamp taxes	50,000,000
Others	
Stock transfer agency expenses	442,000
Receiving agency expenses	400,000
Advertising expenses	200,000
Other expenses	20,000
Total estimated expenses	<u>101,967,655</u>
Estimated net proceeds from the Offer	<u><u>4,898,032,345</u></u>

8990 Housing Development Corporation incurred significant expenditures used for funding working capital for its operations and construction activities. The total allotted for the General Working Capital is Php 2.1 billion and Php 2.9 billion is allotted for the construction of 8990 Housing projects. The proceeds allotted for construction of 8990 Housing only covers development projects of 8990 Housing. To partially fund these activities, the Company obtained and secured financing, partial payment for which the Company intends to be funded from the net proceeds of the Offer. The net proceeds will be infused by the Company into 8990 Housing as equity through the subscription by the Company to additional 1.5 billion shares without the oversubscription option, or 2.5 billion shares with the oversubscription option, in 8990 Housing at Php2.00 per share, which subscription shall be for cash and shall be effective upon the availability of the proceeds of the Offer.

The net proceeds from the Offer without the exercise of the Oversubscription Option will be allocated for payment of existing debt in the following order:

Bank	Borrower	Interest Rate	Outstanding Balance (as of December 31, 2020)	Period/Validity	Amount Allotted from the Proceeds (in ₱)	% of total	Date of Disbursement
DBP	8990 Housing	5.13%	699,000,000.00	02/01/2021	699,000,000.00	23.81%	9-Feb-21

Bank	Borrower	Interest Rate	Outstanding Balance (as of December 31, 2020)	Period/Validity	Amount Allotted from the Proceeds (in ₱)	% of total	Date of Disbursement
BOC	8990 Housing	5.50%	11,388,558.74	15/01/2021	11,388,558.74	0.46%	9-Feb-21
DBP	8990 Housing	4.60%	26,476,375.00	15/01/2021	26,476,375.00	0.90%	9-Feb-21
DBP	8990 Housing	5.40%	92,100,000.00	21/01/2021	92,100,000.00	3.14%	9-Feb-21
DBP	8990 Housing	5.40%	36,200,000.00	21/01/2021	36,200,000.00	1.23%	9-Feb-21
AUB	8990 Housing	5.75%	500,000,000.00	22/01/2021	500,000,000.00	17.03%	9-Feb-21
DBP	8990 Housing	5.40%	56,900,000.00	22/01/2021	56,900,000.00	1.94%	9-Feb-21
DBP	8990 Housing	5.40%	33,400,000.00	22/01/2021	33,400,000.00	1.14%	9-Feb-21
DBP	8990 Housing	5.40%	101,000,000.00	22/01/2021	101,000,000.00	3.44%	9-Feb-21
DBP	8990 Housing	5.25%	100,000,000.00	22/01/2021	100,000,000.00	3.41%	9-Feb-21
BOC	8990 Housing	5.50%	20,000,000.00	25/01/2021	20,000,000.00	0.68%	9-Feb-21
DBP	8990 Housing	5.25%	138,700,000.00	25/01/2021	138,700,000.00	4.72%	9-Feb-21
DBP	8990 Housing	4.99%	142,579,150.22	15/02/2021	142,579,150.22	4.86%	9-Feb-21
SBC	8990 Housing	5.75%	21,700,000.00	24/02/2021	21,700,000.00	0.74%	9-Feb-21
SBC	8990 Housing	5.50%	406,500,000.00	01/03/2021	406,500,000.00	13.85%	9-Feb-21
SBC	8990 Housing	5.50%	547,878,261.04	12/03/2021	547,878,261.04	18.66%	9-Feb-21
Total			2,933,822,345.00		2,933,822,345.00	100%	

Note: The sequence is already arranged based on the prioritization of payment.

The net proceeds from the Offer with the full exercise of the Oversubscription Option will be allocated for payment of existing debt in the following order:

Bank	Company	Interest Rate	Outstanding Balance (as of December 31, 2020)	Period/Validity	Amount Allotted from the Proceeds (in ₱)	% of total	Date of Disbursement
DBP	8990 Housing	5.13%	699,000,000.00	02/01/2021	699,000,000.00	14.27%	9-Feb-21
BOC	8990 Housing	5.50%	165,700,000.00	04/01/2021	165,700,000.00	3.38%	9-Feb-21
BOC	8990 Housing	5.50%	212,800,000.00	11/01/2021	212,800,000.00	4.34%	9-Feb-21

Bank	Company	Interest Rate	Outstanding Balance (as of December 31, 2020)	Period/Validity	Amount Allotted from the Proceeds (in ₱)	% of total	Date of Disbursement
BOC	8990 Housing	5.50%	60,498,558.74	15/01/2021	60,498,558.74	1.23%	9-Feb-21
DBP	8990 Housing	4.60%	26,476,375.00	15/01/2021	26,476,375.00	0.54%	9-Feb-21
DBP	8990 Housing	5.40%	92,100,000.00	21/01/2021	92,100,000.00	1.88%	9-Feb-21
DBP	8990 Housing	5.40%	36,200,000.00	21/01/2021	36,200,000.00	0.74%	9-Feb-21
AUB	8990 Housing	5.75%	500,000,000.00	22/01/2021	500,000,000.00	10.21%	9-Feb-21
DBP	8990 Housing	5.40%	56,900,000.00	22/01/2021	56,900,000.00	1.16%	9-Feb-21
DBP	8990 Housing	5.40%	33,400,000.00	22/01/2021	33,400,000.00	0.68%	9-Feb-21
DBP	8990 Housing	5.40%	101,000,000.00	22/01/2021	101,000,000.00	2.06%	9-Feb-21
DBP	8990 Housing	5.25%	100,000,000.00	22/01/2021	100,000,000.00	2.04%	9-Feb-21
BOC	8990 Housing	5.50%	20,000,000.00	25/01/2021	20,000,000.00	0.41%	9-Feb-21
DBP	8990 Housing	5.25%	138,700,000.00	25/01/2021	138,700,000.00	2.83%	9-Feb-21
DBP	8990 Housing	4.99%	142,579,150.22	15/02/2021	142,579,150.22	2.91%	9-Feb-21
SBC	8990 Housing	5.75%	21,700,000.00	24/02/2021	21,700,000.00	0.44%	9-Feb-21
SBC	8990 Housing	5.50%	406,500,000.00	01/03/2021	406,500,000.00	8.30%	9-Feb-21
SBC	8990 Housing	5.50%	547,878,261.04	12/03/2021	547,878,261.04	11.19%	9-Feb-21
AUB	8990 Housing	5.75%	200,000,000.00	19/03/2021	200,000,000.00	4.08%	9-Feb-21
SBC	8990 Housing	5.50%	523,900,000.00	22/03/2021	523,900,000.00	10.70%	9-Feb-21
DBP	8990 Housing	5.00%	236,000,000.00	02/05/2021	236,000,000.00	4.82%	9-Feb-21
DBP	8990 Housing	5.00%	170,300,000.00	02/05/2021	170,300,000.00	3.48%	9-Feb-21
AUB	8990 Housing	5.75%	300,000,000.00	25/06/2021	300,000,000.00	6.12%	9-Feb-21
DBP	8990 Housing	5.10%	66,200,000.00	02/11/2021	66,200,000.00	1.35%	9-Feb-21
DBP	8990 Housing	4.99%	40,200,000.00	02/12/2021	40,200,000.00	0.82%	9-Feb-21
			4,898,032,345.00		4,898,032,345.00	100.00%	

Note: The sequence on the table above is already arranged based on payment prioritization.

The subtotal per bank is seen on the table below:

Bank	Borrower	Outstanding Balance (as of December 31, 2020)
AUB	8990 Housing	1,000,000,000.00
BOC	8990 Housing	458,942,558.74
DBP	8990 Housing	1,939,055,525.22
SBC	8990 Housing	1,499,978,261.04

The outstanding balances for the loans after the issue, without the exercise of oversubscription, will be:

Bank	Outstanding amount after issue
AUB	Php 500,000,000.00
BOC	Php 427,554,000.00
DBP	Php 512,700,000
SBC	Php 523,900,000.00

The outstanding balances for the loans after the issue, with the exercise of oversubscription, will be:

Bank	Outstanding amount after issue
AUB	Php 0
BOC	Php 0
DBP	Php 0
SBC	Php 0

The proposed use of proceeds described above represents a best estimate of the use of the net proceeds of the Offer based on the Company's current plans and expenditures. The actual amount and timing of disbursement of the net proceeds from the Offer for the use stated above will depend on various factors. Once the Company receives the net proceeds from the Offer, it shall apply the same to settle its existing indebtedness as discussed above, but to the extent that such net proceeds from the Offer are not immediately applied to the above purpose, the Company will invest the net proceeds in interest-bearing short term demand deposits and/or money market instruments. Aside from underwriting and selling fees, the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner will not receive any of the net proceeds from the Offer.

In the event of any material deviation or adjustment in the planned use of proceeds, the Company shall inform its shareholders, the SEC and the PSE in writing at least 30 days before such deviation or adjustment is implemented. Any material or substantial adjustments to the use of proceeds, as indicated above, will be approved by the Company's Board of Directors and disclosed to the SEC and the PSE. In addition, the Company shall submit via the PSE EDGE the following disclosures to ensure transparency in the use of proceeds:

- (i) any disbursements made in connection with the planned use of proceeds from this Offer;
- (ii) Quarterly Progress Report on the application of the proceeds from this Offer on or before the first 15 days of the following quarter; the Quarterly Progress Report should be certified by the Company's Chief Financial Officer or Treasurer and external auditor;
- (iii) annual summary of the application of the proceeds on or before January 31 of the following

year; the annual summary report should be certified by the Company's Chief Financial Officer or Treasurer and external auditor;

- (iv) approval by the Company's Board of Directors of any reallocation on the planned use of proceeds, or of any change in the work program; the disbursement or implementation of such reallocation must be disclosed by the Company at least 30 days prior to the actual disbursement or implementation; and
- (v) a comprehensive report on the progress of its business plans on or before the first 15 days of the following quarter.

The quarterly and annual reports required in items (ii) and (iii) above must include a detailed explanation of any material variances between the actual disbursements and the planned use of proceeds in the work program or the Prospectus, if any. The detailed explanation must also state that the Company's Board of Directors has given its approval as required in item (iv) above.

The Company shall submit an external auditor's certification on the accuracy of the information reported by the Company to the PSE in the Company's quarterly and annual reports as required in items (ii) and (iii) above.

No amount of the proceeds is to be used to reimburse any officer, director, employee, or shareholder, for services rendered, assets previously transferred, money loaned or advanced, or otherwise.

DILUTION

The Preferred Shares will generally not have any dilutive effect on the rights of the holders of the common shares of the Company as the Preferred Shares are non-voting, non-convertible and non-participating. However, holders of the Preferred Shares may vote on matters which the Corporation Code considers significant corporate acts that may be implemented only with the approval of shareholders, including those holding shares denominated as non-voting in the Articles of Incorporation.

Thus, the issuance of the Preferred Shares may have a dilutive effect on the rights of the holders of the common shares to the extent of the voting rights to be exercised in relation to the following acts requiring the approval of the shareholders representing at least two-thirds (or majority in case of an amendment of the By-Laws) of the issued and outstanding capital stock of the Company:

- Amendment of the Articles of Incorporation (including any increase or decrease of capital stock);
- Adoption and amendment of By-Laws;
- Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the assets of the Company;
- Incurring, creating or increasing bonded indebtedness;
- Increase or decrease of capital stock;
- Merger or consolidation of the Company with another corporation or corporations;
- Investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the Company was organized; and
- Dissolution of the Company.

As of the date of this Offer Supplement, the Corporation has 5,391,399,020 issued and outstanding common shares of which 1,539,126,789 common shares (equivalent to 28.55%) are owned by the public, and 50,000,000 Series A Preferred Shares. Upon completion of the Offer, the Corporation shall have 5,391,399,020 issued and outstanding common shares, 50,000,000 Series A Preferred Shares, and 50,000,000 Series B Preferred Shares (assuming full exercise of the Oversubscription Option).

DETERMINATION OF THE OFFER PRICE

The Offer Price of ₱100.00 is at a premium to the par value of the Offer Shares, which is ₱1.00 per share. The Offer Price was arrived at by dividing the desired gross proceeds of up to ₱5,000,000,000.00, by the number of Offer Shares allocated for this Offer.

PLAN OF DISTRIBUTION

8990 plans to issue the Offer Shares to institutional and retail investors in the Philippines through a public offering to be conducted through the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner. The Offer does not include an international offering.

THE OFFER SHARES

On November 16, 2017, the SEC issued an Order rendering effective the Registration Statement of the Company in connection with the offer and sale to the public of the Preferred Shares under the Shelf Registration to be issued in one or more tranches within a three-year period from the effective date of the same Registration Statement. On December 1, 2017, the Company issued from the Preferred Shares under shelf registration the “Series A Preferred Shares” in the aggregate principal amount of ₱5,000,000,000.

The Offer Shares (which are subject of this Offer Supplement and consisting of Series B Preferred Shares) will be issued with an aggregate principal amount of up to ₱5,000,000,000. The Oversubscription Option once exercised during the Offer Period, shall be deemed firmly underwritten by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner. The SEC is expected to issue the corresponding Permit to Sell Securities covering the Offer Shares.

SOLE ISSUE MANAGER, LEAD UNDERWRITER, AND SOLE BOOKRUNNER

The Sole Issue Manager, Lead Underwriter, and Sole Bookrunner has agreed to distribute and sell the Offer Shares at the Offer Price, pursuant to an Underwriting Agreement with the Company dated January 26, 2021 (the “**Underwriting Agreement**”). Subject to the fulfillment of the conditions provided in the Underwriting Agreement, the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner has committed to underwrite the following amount on a firm basis:

	Underwriting Commitment	Number of Shares
China Bank Capital Corporation	₱3,000,000,000.00	30,000,000
Total	₱3,000,000,000.00	30,000,000

The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to the Company of the net proceeds of the Offer Shares.

The underwriting fees and any selling fees to be paid by the Company in relation to the Offer shall be equivalent to 0.7895% of the gross proceeds of the Offer. This shall be inclusive of underwriting fees to be paid to the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner and any commissions to be paid to the Selling Agents, which shall be equivalent to 0.20% (inclusive of VAT) of the total proceeds of the sale of the Offer Shares by such Trading Participant. Any commission to be paid to the Selling Agents shall likewise be subject to CWT.

The Sole Issue Manager, Lead Underwriter, and Sole Bookrunner is duly licensed by the SEC to engage in the underwriting or distribution of the Offer Shares. The Sole Issue Manager, Lead Underwriter, and Sole Bookrunner may, from time to time, engage in transactions with and perform services in the ordinary course of its business, for the Company or any of its subsidiaries.

The Sole Issue Manager, Lead Underwriter, and Sole Bookrunner has no direct relations with the Company in terms of ownership by either of their respective major shareholder/s and has no right to designate or nominate any member of the Board of Directors of the Company.

The Sole Issue Manager, Lead Underwriter, and Sole Bookrunner has no contract or other arrangement with the Company by which it may return to the Company any unsold Offer Shares that form part of the Offer.

China Bank Capital Corporation, a subsidiary of China Banking Corporation, provides a wide range of investment banking services to clients across different sectors and industries. Its primary business is to help enterprises raise

capital by arranging or underwriting debt and equity transactions, such as project financing, loan syndications, bonds and notes issuances, securitizations, initial and follow-on public offerings, and private equity placements. The Sole Issue Manager, Lead Underwriter, and Sole Bookrunner also advises clients on structuring, valuation, and execution of corporate transactions, including mergers, acquisitions, divestitures, and joint ventures. It was established and licensed as an investment house in 2015 as the spin-off of China Banking Corporation's investment banking group, which was organized in 2012.

SALE AND DISTRIBUTION

The distribution and sale of the Offer Shares shall be undertaken by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner who shall sell and distribute the Offer Shares to third party buyers/investors. There is nothing in such agreements that allow the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner to return to the Company any unsold underwritten Offer Shares.

Of the 30,000,000 Offer Shares subject of the Offer, 80% or 24,000,000 Offer Shares are being offered through the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner for subscription and sale to Qualified Institutional Buyers and the general public. The Company plans to allot 20% or 6,000,000 Offer Shares for distribution to respective clients of the 126 Trading Participants of the PSE, acting as Selling Agents. Each trading participant shall be allocated 47,600 Offer Shares (computed by dividing the Offer Shares allocated to the trading participants by 126), subject to reallocation as may be determined by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner. The balance of 2,400 shares shall be allocated by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner among the Trading Participants that have demand in excess of 47,600 Offer Shares. Trading Participants may undertake to purchase more than their allocation of 47,600 Offer Shares. Any requests for Offer Shares in excess of the 47,600 Offer Shares may be satisfied via the reallocation of any Offer Shares not taken up by other Trading Participants.

The Company will not allocate any Offer Shares for Local Small Investors as such is only applicable to initial public offerings.

Prior to close of the Offer Period, any Firm Shares, and to the extent that the Oversubscription Option is exercised, any Oversubscription Shares, not taken up by the Trading Participants shall be distributed by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner directly to their clients and the general public. All the Firm Shares, and to the extent that the Oversubscription Option is exercised, the Oversubscription Shares, that form part of the Offer not taken up by the Trading Participants, general public, and the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner's clients shall be purchased by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner pursuant to the terms and conditions of the Underwriting Agreement.

TERM OF APPOINTMENT

The engagement of the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner shall subsist so long as the SEC Permit to Sell relating to the Offer Shares remains valid, unless otherwise terminated pursuant to the Underwriting Agreement.

MANNER OF DISTRIBUTION

The Sole Issue Manager, Lead Underwriter, and Sole Bookrunner shall, at its discretion, determine the manner by which proposals for subscriptions to, and issuances of, the Offer Shares shall be solicited, with the sale of the Offer Shares to be effected only through the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner. The Sole Issue Manager, Lead Underwriter, and Sole Bookrunner has been authorized to appoint other entities, in particular, co-lead managers, co-managers and/or Selling Agents, to sell on their behalf.

EXPENSES

All out-of-pocket expenses, including but not limited to, registration with the SEC, printing, publication, communication and signing expenses incurred by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner in the negotiation and execution of the transaction will be for the account of the Company irrespective of whether the transaction contemplated herein is completed. Such expenses are to be reimbursed upon presentation of a composite statement of account. For a more detailed discussion on this matter, see “*Use of Proceeds*” in this Offer Supplement.

INTEREST OF NAMED EXPERTS AND INDEPENDENT COUNSEL

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Preferred Shares which are subject of this Offer shall be passed upon by SyCip Salazar Hernandez & Gatmaitan (“SyCip”) for the Underwriters and by Picazo Buyco Tan Fider & Santos Law Offices (“Picazo”) for the Company. SyCip and Picazo have no direct or indirect interest in 8990, although Atty. Cristina S. Palma Gil-Fernandez, who is the Corporate Secretary of the Issuer is also a Partner at Picazo and Atty. Maureen Christine O. Lizarondo-Medina, the Assistant Corporate Secretary of the Issuer, is also a Partner at Picazo. SyCip and Picazo may, from time to time be engaged by 8990 to advise in its transactions and perform legal services on the same basis that SyCip and Picazo provide such services to its other clients.

INDEPENDENT AUDITORS

Punongbayan & Araullo (for 2019, 2018, and 2017), the independent auditor, audited the consolidated statements of financial position as of December 31, 2019, 2018 and 2017, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2019. Punongbayan & Araullo has no shareholdings in the Company, or any right, whether legally enforceable or not, to nominate or to subscribe to the securities of the Company, in accordance with the professional standards on independence set by the Board of Accountancy and Professional Regulation Commission.

The aggregate fees billed by Punongbayan & Araullo (for 2019, 2018, and 2017) are shown below:

	(Amount in thousands of Pesos)		
	2019	2018	2017
Audit and Audit Related Fees	₱ 14,112.00	₱ 9,688.00	₱ 8,400.00

There is no arrangement that experts will receive a direct or indirect interest in the Issuer or was a promoter, underwriter, voting trustee, director, officer, or employee of the Issuer.

DESCRIPTION OF THE SECURITIES

The following does not purport to be a complete listing of all the rights, obligations, or privileges of the Offer Shares. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective investors are enjoined to carefully review the Articles of Incorporation, By-Laws and resolutions of the Board of Directors and Shareholders of the Company, the information contained in this Offer Supplement and other agreements relevant to the Offer. Prospective Shareholders are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the Preferred Shares.

Set forth below is information relating to the Preferred Shares. This description is only a summary and is qualified by reference to Philippine law and the Amended Articles of Incorporation and Amended By-laws of the Company, as may be amended from time to time.

GENERAL

The Offer Shares shall be issued from the remaining ₱5,000,000,000 Preferred Shares under Shelf Registration. The Offer Shares will be issued on February 10, 2021 (the “**Issue Date**”) and will comprise of up to 50,000,000 cumulative, non-voting, non-participating, non-convertible, redeemable, Philippine Peso-denominated perpetual Series B Preferred Shares.

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 the by-laws of the corporation.

The Company has an authorized capital stock of ₱7,000,000,000.00 consisting of 6,850,000,000 Common Shares with a par value of ₱1.00 per Common Share, 5,000,000,000 voting preferred shares with a par value of ₱0.01 per voting preferred share, and 100,000,000 non-voting, non-convertible, non-participating, redeemable, perpetual preferred shares with a par value of ₱1.00 per preferred share.

The Issuance of the Offer Shares

On November 7, 2016 and July 25, 2017, the Board of Directors of the Company unanimously approved the creation and listing of the Preferred Shares under a shelf registration to be issued within a period of three (3) years with an initial tranche of 50,000,000 Preferred Shares.

On November 18, 2020, the Board of Directors unanimously approved the Enabling Resolutions outlining the specific terms and conditions of the Offer Shares. On January 21, 2021, the Board of Directors confirmed the Dividend Rate for the Offer Shares. The Enabling Resolutions covering the Offer Shares were approved by the SEC on January 14, 2021.

The Company has filed an application for the listing of the Offered Shares on the PSE. The PSE approved the listing of the Offer Shares on the Main Board of the PSE on January 20, 2021. Once the Offer Shares are listed on the PSE, the Company may purchase the Offer Shares, then tradeable at that time, at any time in the open market or by public tender or by private contract at any price through the PSE.

Shelf Registration and Features of the Preferred Shares

In accordance with the Amended Articles of Incorporation of the Company and as approved by the Board of Directors of the Company through the Enabling Resolutions, the Preferred Shares are Philippine Peso-denominated, cumulative, non-voting, non-participating, non-convertible, and redeemable, each with different features on dividend rate, redemption and adjustment of dividend rate. The Company can issue the Preferred Shares only upon full payment by the subscribers of the subscription price for the said shares which shall be ₱100.00 per share.

The Preferred Shares have a par value of ₱1.00 per share and with the following general features (for the specific terms of the Offer Shares please refer to the “*Terms of the Offer*” in this Offer Supplement):

(a) Dividends – The Board of Directors shall have the sole discretion to declare dividends on the Preferred Shares, provided that the Company has unrestricted retained earnings, and provided that the rate of dividend or formula for determining the same rate shall be indicated in the relevant Enabling Resolutions.

Dividends, if and when declared by the Board of Directors, will be payable once for every Dividend Period on such date set by the Board of Directors at the time of declaration of such dividends (each a “Dividend Payment Date”) with reference to the Offer Price, which date shall be any day within the period commencing on (and including) the last day of a Dividend Period and 15 calendar days from the end of the relevant Dividend Period.

A “Dividend Period” shall refer to the period commencing on the relevant issue date and having a duration of three (3) months, and thereafter, each of the successive periods of three (3) months commencing on the last day of the immediately preceding Dividend Period up to, but excluding the first day of the immediately succeeding Dividend Period.

If a Dividend Payment Date occurs after the end of a Dividend Period, there shall be no adjustment as to the amounts of dividends to be paid.

The dividends on the Preferred Shares will be calculated on a 30/360-day basis.

If a Dividend Payment Date is not a Banking Day, dividends will be paid on the next succeeding business day, without adjustment as to the amount of dividends to be paid.

The holders of the Preferred Shares shall not be entitled to any participation or share in the retained earnings remaining after dividend payment shall have been made on the shares as aforementioned, nor shall they be entitled to any other kind of dividend payment whether cash, property, or stock, other than corresponding to the dividend rate determined by the Board of Directors.

For the terms of the dividend rights on the Offer Shares, please see “*Terms of the Offer*” in this Offer Supplement.

(b) Non-Convertible - The Preferred Shares are not convertible into common shares.

(c) Redemption – The Company has the option, but not the obligation, to redeem all (but not part) of the Preferred Shares at such manner and at a price and time that the Board of Directors shall determine in the Enabling Resolutions. Any Offer Shares redeemed or purchased by the Issuer shall be recorded as treasury stock of the Issuer and will be cancelled.

As and if declared by the Board of Directors, the Company may redeem the Preferred Shares on the redemption price determined therefor. The terms of any redemption will be set out in the relevant Offer Supplement.

The Company has not established, and currently has no plans to establish, a sinking fund for the redemption of the Preferred Shares.

For a more detailed discussion, please see the “*Terms of the Offer*” in this Offer Supplement.

(d) Liquidation – In the event of a return of capital in respect of liquidation, dissolution, bankruptcy or winding up of the affairs of the Company but not on a redemption or purchase by the Company of any of its share capital, the holders of the Preferred Shares at the time outstanding will be entitled to receive, in Philippine Pesos, out of the assets of the Company available for distribution to shareholders, together with the holders of any other shares of the Company ranking, as regards repayment of capital, *pari passu* with the Preferred Shares and before any distribution of assets is made to holders of any class of shares ranking after the Preferred Shares as regards repayment of capital, liquidating distributions in an amount equal to the Arrears in Dividends, any dividends declared unpaid in respect of the previous dividend period, and any accrued and unpaid dividends for the then current dividend period to (and including) the date of commencement of the Issuer’s winding up or the date of any such other return of capital, as the case may be. If, upon any return of capital in the winding up of the Company, the amount payable with respect to the Preferred Shares are not paid in full, the holders of such shares will share proportionately in any such distribution of the assets of the Company in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Preferred Shares will have no right or claim to any of the remaining assets of the Company and will not be entitled to any further participation or return of capital in a winding up.

(e) Voting Rights – Holders of the Preferred Shares shall not be entitled to vote except in cases expressly provided by law. Thus, the holders of the Preferred Shares are not eligible, for example, to vote for or elect the Board of Directors of the Company. Holders of the Preferred Shares, however, may vote on matters which the Corporation Code considers significant corporate acts that may be implemented only with the approval of shareholders, including those holding shares denominated as non-voting in the Articles of Incorporation, such as the following:

- Amendment of the Articles of Incorporation (including any increase or decrease of capital stock);
- Adoption and amendment of By-laws;
- Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the assets of the Company;
- Incurring, creating or increasing bonded indebtedness;
- Increase or decrease of capital stock;
- Merger or consolidation of the Company with another corporation or corporations;
- Investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the Company was organized; and
- Dissolution of the Company.

(f) Pre-emptive Rights – Holders of the Preferred Shares, shall have no pre-emptive right to any issue or disposition of any share of any class of the Company.

Other Rights and Incidents Relating to the Preferred Shares

The other rights and incidents relating to the Preferred Shares, which may also apply to other classes of shares of the Company, are as follows:

Derivative Suit

Philippine law recognizes the right of a shareholder to institute, under certain circumstances, 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 themselves are the malefactors.

Appraisal Rights

The Corporation Code grants a shareholder a right of appraisal 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 or shortening the term of corporate existence;
- the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all of the assets of the corporation;
- the extension of corporate term;
- the investment of corporate funds in another corporation or business for any purpose other than the primary purpose for which the corporation was organized; and
- a merger or consolidation.

In these circumstances, the dissenting shareholder may require the corporation to purchase his shares at a fair value which, in default of agreement, is determined by three (3) disinterested persons, one of whom shall be named by the shareholder, one (1) by the corporation, and the third by the two (2) thus chosen. The SEC will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. The dissenting shareholder will be paid if the corporate action in question is implemented and the corporation has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting shareholders.

Shareholders' Meetings

At the annual meeting or at any special meeting of shareholders of the Company, holders of the Preferred Shares may be asked to approve actions which the Corporation Code considers significant corporate acts that may be

implemented only with the approval of shareholders, including those holding shares denominated as non-voting in the Articles of Incorporation.

Quorum

In all regular and special meetings of stockholders, a quorum will exist if shareholders representing a majority of the capital stock are present in person or by proxy.

Voting

Holders of the Preferred Shares shall not be entitled to vote except in cases expressly provided by law. At any such shareholders' meeting where holders of the Preferred Shares are allowed to vote, each holder of the Preferred Shares shall be entitled to vote in person, or by proxy, all shares held by him which have voting power, upon any matter duly raised in such meeting.

The By-laws of the Company provide that proxies shall be in writing and signed and in accordance with the existing laws, rules and regulations of the SEC. Duly accomplished proxies must be submitted to the office of the Corporate Secretary not later than ten days prior to the date of the shareholders' meeting.

Fixing Record Dates

The Board of Directors has the authority to fix in advance the record date for shareholders entitled: (a) to notice of, to vote at, or to have their votes voted at, any shareholders' meeting; (b) to receive payment of dividends or other distributions or allotment of any rights; or (c) for any lawful action or for making any other proper determination of shareholders' rights. The Board of Directors may, by resolution, direct the stock transfer books of the Company be closed for a period not exceeding 20 days. If the stock and transfer books be closed for the purpose of determining stockholders entitled to notice of, or to vote at, a meeting of stockholders, such books shall be closed for at least ten (10) working days, immediately preceding such meeting. In lieu of closing the stock and transfer books, the Board may fix in advance a date as a record date which shall in no case be more than thirty (30) days prior to the date of such stockholders' meeting.

Accounting and Auditing Requirements/Rights of Inspection

Philippine stock corporations are required to file copies of their annual financial statements with the SEC. Corporations whose shares are listed on the PSE are also required to file quarterly and annual reports with the SEC and 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 of Directors is required to present to shareholders at every annual meeting a financial report of the operations of the corporation for the preceding year. This report is required to include audited financial statements.

Changes in Control

There is no provision in the Amended Articles of Incorporation and Amended By-laws of the Company which would delay, deter or prevent a change in control of the Company. There are no existing arrangements to which the Company is a party or which are otherwise known to the Company that may result in a change in control of the Company.

BUSINESS

OVERVIEW

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 & 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. As of September 30, 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 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 2017, 2018, and 2019, the Company recorded consolidated revenues amounting to ₱10,181.7 million, ₱11,745.9 million, and ₱15,276.5 million respectively, with resulting net income of ₱4,138.8 million, ₱4,674.9 million, and ₱5,578.5 million respectively. For the nine months ended September 30, 2019 and 2020, the Company recorded consolidated revenues amounting to ₱10,508.5 million and ₱9,737.4 million respectively.

The following table outlines the contribution of the subsidiaries of the Company to its consolidated revenues and net income:

For the period ended December 31, 2019		
Subsidiary	Revenue	Total Comprehensive Income
8990 Housing Development Corporation*	13,710,138,120	5,513,681,862
8990 Luzon Housing Development Corporation	876,650,447	435,353,966
8990 Leisure and Resorts Corporation	386,765,132	91,225,150
Fog Horn, Inc.	183,392,379	(69,354,441)
8990 Davao Housing Development Corporation	95,872,517	24,721,601
8990 Mindanao Housing Development Corporation	20,686,562	(199,758)

**includes its subsidiaries namely Tondo Holdings Corporation, Genvi Development Corporation, Euson Realty Development Corporation, Primex land, Inc. and 8990 Coastal.*

For the period ended September 30, 2020		
Subsidiary	Revenue	Total Comprehensive Income
8990 Housing Development Corporation*	8,808,956,895	3,271,264,059
8990 Luzon Housing Development Corporation	780,528,074	350,773,988
8990 Leisure and Resorts Corporation	56,368,273	(13,709,008)
Fog Horn, Inc.	55,415,247	2,045,000
8990 Davao Housing Development Corporation	33,482,848	(9,134,438)
8990 Mindanao Housing Development Corporation	2,648,250	1,478,948

**includes its subsidiaries namely Tondo Holdings Corporation, Genvi Development Corporation, Euson Realty Development Corporation, Primex land, Inc. and 8990 Coastal.*

COMPETITIVE STRENGTHS

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

Favorable market and industry demographics of the Mass Housing sector.

The Company believes that the Mass Housing sector has shown favorable market demographics in recent years and will continue to do so in the medium- to long-term. According to the “The Housing Industry Road Map of the Philippines: 2012-2030,” and the “Impact of Housing Activities on the Philippine Economy, ” publicly available reports by the CRC – University of Asia & the Pacific and the SHDA, from 2001 to 2015, a total of 1,943,587 Mass Housing units were built; during this same period, however, the backlog for new Mass Housing units was approximately 6,667,614 units. In addition, by 2030 the total housing need in the Philippines is expected to increase to approximately 12.3 million units.

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

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

The Company is the top property developer in the Philippines for 2015, 2016 and 2017, in terms of take-out value from the HDMF. The Company 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 & 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. As of September 30, 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 it is one of the few developers dedicated to serving the housing needs of the Mass Housing segment throughout the Philippines, with most of its direct competitors being smaller regional developers with limited geographical coverage. This has allowed the Company to build significant nationwide brand equity for its DECA Homes and Urban DECA Homes brands across its target market and also achieve economies of scale from its operations.

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

The Company believes that its industry experience has equipped it and its management with in-depth knowledge and understanding of the needs, preferences, means and constraints of the Mass Housing segment customer base. The Company continuously undertakes demographic analysis of its customer base, which helps in developing products and payment schemes that are in line with the needs and lifestyles of its target customers. The Company believes that sustainable affordability is critical in serving the Mass Housing segment. Accordingly, the Company tailors the house area, lot area and locations of its developments to deliver housing products where the monthly amortization payments are affordable for its target customers when compared to monthly rental payments for comparable housing units, hence allowing a smooth transition from home rental to ownership. Furthermore, the Company's innovative CTS Gold financing program typically requires a relatively small upfront payment (normally 3% of the purchase price of the unit, compared to approximately 10% to 20% equity down payment generally required by other developers). This allows home buyers to purchase and move into a house without material effect on their savings. Fast and efficient processing under the CTS Gold financing program, combined with the Company's pre-cast construction process, translates into the ability to deliver units to customers within a short time frame. This combination of market knowledge, technical expertise and customer understanding results in a compelling proposition for the Company's target Mass Housing segment, which is primarily driven by end-user demand.

To complement and support the CTS Gold 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 Gold program, which includes a rigorous and systematic documentation approval process. In addition, the Company is able to leverage on its previous experience as collection agent for Pag-IBIG in formulating and implementing highly effective collection processes, including discontinuing the supply of certain utilities to the unit and/or disallowing certain privileges with respect to use of the Company's facilities in the developments. This has resulted in the Company recording collection efficiency rates, defined as amount collected out of current amount due, of over 93% since 2011, with an efficiency rate of 94% in both 2018 and 2019. Moreover, the Company believes that, in part as a result of its collection processes, of the customer accounts which become delinquent,

approximately half become active again within three months of default. For the remaining half of the delinquencies that ultimately result in default, the Company is able to regain possession and typically resell the property in due time.

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

The Company has continually invested in innovation to update its building processes and minimize wasted materials while at the same time maintaining the quality of its products and rapid completion of housing units. To this end, the Company has developed its own unique building system that makes use of a pre-cast construction process, enabling the Company to construct and complete housing units and MRBs in a cost- and time-efficient manner without compromising the quality and standards of the housing units being turned over to its customers. The utilization of this pre-cast construction process on-site, as opposed to traditional building methods, likewise results in significant cost reduction for the Company, particularly on labor costs. The Company believes that these factors help it to achieve and maintain healthy profit margins. Since pre-cast is manufactured in a controlled casting environment, it is easier to control the mix, placement, and curing; hence, quality can be monitored easily and wastage, typically a large cost for those still utilizing traditional construction methods, is significantly reduced. The Company sources cement from the largest cement manufacturers, which it then blends in-house, together with other additives in specific proportions, to create its proprietary concrete blend. This concrete mix has a faster curing time than standard concrete mixes, which allows for faster setting of pre-cast molds, resulting in panels that can withstand approximately four times as much pressure per square inch than traditional cinder block structures. For instance, in 2013, a 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 (8) to ten (10) days with an additional five days for single-storey houses with lofts.

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

Strong relationships with key housing and shelter agencies.

The Company, through its Subsidiaries and Principals, has been recognized by key Government shelter agencies with respect to its success in the industry. In particular, the Company was recognized by HLURB as the developer with the most number of subdivision units licensed under B.P. 220 from 2011 to 2013 and was also recognized as the top property developer in the Philippines for 2015, 2016 and 2017, in terms of take-out value from the HDMF. 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 good reputation and working relationship with key Government agencies that are essential to any success in the Mass Housing development industry. Pag-IBIG serves as the primary Government housing financial assistance program in the Philippines, with a statutory mandate to provide financial assistance for the housing requirements of its members and allot not less than 70% of its available funding for deployment of housing loans to qualified buyers. The Company closely coordinates with Pag-IBIG to increase the efficiency in Pag-IBIG's take-up of the Company's contracts-to-sell under its CTS Gold in-house financing scheme. The Company has also voluntarily submitted a proposal for it to be recognized as an authorized collection agent by Pag-IBIG for its home buyers, thus lessening the manpower needed by Pag-IBIG to follow up and keep accounts current.

Experienced management team with extensive expertise in Mass Housing development.

The Company prides itself in having an experienced management team under the leadership of Mr. Luis Yu, Jr. (Chairman Emeritus and Founder) and Mr. Mariano Martinez, Jr. (Chairman of the Board), 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 ninety (90) years in the industry. The principals believe that they have, between them, developed over eighty (80) subdivisions and constructed over seventy thousand (70,000) housing units on an aggregate of over eight hundred fifty (850) hectares in major cities such as Cagayan de Oro, Cebu City, Davao City and Metro Manila. In addition, they have also developed, over the years, positive relationships with key market participants, including construction companies, regulatory agencies, local Government agencies and banks. Mr. Yu carries with him over thirty (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.

KEY STRATEGIES

The Company's overall business strategy, and the key to its current and past success in the Mass Housing industry, is to deliver with speed and quality the right products (a DECA Homes house or Urban DECA Homes MRB unit) to its target customers, mainly comprising low to middle income earners able to afford a monthly amortization payment of approximately ₱3,900 (the estimated amortization for a ₱450,000 loan for a Socialized Housing unit with 9.5% annual interest rate for the first year and a 25-year amortization schedule) to ₱17,500 (the estimated amortization for a ₱2,000,000 loan with 9.5% annual interest rate and a 25-year amortization schedule) under the Company's in-house financing program, at the right price range (the estimated amortization for a ₱450,000 to ₱2.0 million per housing/condominium unit).

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

Increase existing coverage and expand geographically.

The Company intends to further grow its existing Mass Housing revenue base. To accomplish this, the Company intends to (1) increase the number and variety of projects in the cities in which it currently has existing developments, as well as to (2) geographically expand into new cities. For example, the Company has brought to Metro Manila the Urban DECA Homes high-rise building concept in Tondo, Manila, and Mandaluyong.

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

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

Continue to replenish land bank for development.

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

Continue to diversify into new product types.

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

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

The Company will seek to improve its construction efficiencies in part by adding more mechanization and by standardizing the sizes of its building components. The Company will also seek to further improve collections by updating its customer qualification process and improving its delinquency remedial measures. In pursuing these

items, the Company believes that it will be able to lower operating costs even further and improve its operational efficiency.

HISTORY

The Company was incorporated and registered with the Philippine SEC as “IP Converge Data Center, Inc.” on July 8, 2005. At the time, the Company was principally engaged in the information technology and telecommunications business and provided data services. Subsequent to the completion of a corporate reorganization in 2012, the Company ceased operating as a data services provider and began operating as a holding company. Its shares were initially listed on the PSE on October 20, 2010. On October 1, 2013, the SEC approved the application for the change of corporate name of the Company to its current name, “8990 Holdings, Inc.”.

The Company, through its Subsidiaries, is the top property developer in the Philippines for 2015, 2016, and 2017 in terms of take-out value from the HDMF. The Company’s 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.

The Company, through its Subsidiaries, developed its first Mass Housing project in 2003 in Minglanilla, Cebu, which is on the outskirts of the Metro Cebu urban area. As of September 30, 2020, it has completed 58 projects and delivered 74,674 units. The Company has completed projects in Luzon, Visayas and Mindanao.

REAL ESTATE DEVELOPMENT PROJECTS

Through its Subsidiaries, the Company currently undertakes three types of real estate development projects: (i) horizontal residential subdivisions; (ii) MRB residential complexes; and (iii) High-rise condominium units. The table below presents the components of the Company’s consolidated revenue associated with its business segments for the periods indicated.

	For the years ended December 31,			For the nine months ended September 30,	
	2017	2018	2019	2019	2020
	<i>(₱ in millions)</i>			<i>(₱ in millions)</i>	
Low-cost Mass Housing	5,193	5,526	3,824	4,115	3,943
MRB condominium units	2,755	2,730	2,386	1,688	1,492
High-rise condominium units	2,223	3,422	8,172	4,401	4,188
Developed subdivision lots	-	-	490	-	53
Total	10,171	11,678	14,873	10,203	9,676

	For the years ended December 31,			For the nine months ended September 30,	
	2017	2018	2019	2019	2020
	<i>(number of housing units sold)</i>			<i>(number of housing units sold)</i>	
Low-cost Mass Housing	4,226	4,667	3,596	2,130	3,610
MRB condominium units	1,851	1,761	1,527	986	939
High-rise condominium units ..	1,342	1,993	4,591	1,681	2,245
Developed subdivision lots	-	-	19	-	2
Total	7,419	8,431	9,733	4,797	6,796

The Company believes it is in material compliance with applicable regulatory requirements, including permits and licenses which are necessary to its business operations, the failure to possess any of which would have a material adverse effect on the business and operations of the Company.

Horizontal Residential Subdivisions

The Company sells housing unit models under its DECA Homes brand in horizontal Mass Housing development projects. These residential subdivisions are typically located in the outskirts of major metropolitan areas nationwide (apart from Metro Manila).

Within these subdivisions, the Company constructs three types of housing unit models:

- Single-storey – a single-floor residential unit built in a row of four or more units joined by common sidewalls
- Single-storey with loft – a residential unit which is situated on its own or in a separate lot without sharing any walls with another home or building; it includes a loft
- Townhouse – a two-storey residential unit built in a row of four or more units joined by common sidewalls

Floor areas typically range from 35 sq. m. to 120 sq. m. Typical unit prices range from ₱450,000 to ₱2,000,000.

Developed 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 subdivisions, 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 area designated for commercial businesses.

As of September 30, 2020, the Company has completed 53 horizontal residential subdivisions comprising approximately 53,000 units.

Medium-rise Residential Buildings

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-equipped 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 MRB 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 September 30, 2020, the Company has completed 4 MRB projects and delivered an aggregate of 8,400 units. The Company currently has 4 ongoing MRB projects, with an aggregate 4,000 units for sale.

High-rise Residential Buildings

The Company has ventured into high-rise condominium projects under the brand Urban DECA Tower 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 ₱9,000 under the Company's CTS Gold Convertible in-house financing product (with typical 25-year term, 9.5% fixed 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, unit 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

As of September 30, 2020, the 8990 Group has completed 58 Mass Housing projects as summarized in the table below:

List of Projects

	Project Name	Company	Type	Completion Year	No. Of Units	Units Sold	Project Cost in Php
I. Completed Projects							
<i>North Luzon</i>							
1	Savannah Greenplains Subdivision	Fog Horn, Inc.	Horizontal	2015	670	670	320,000,000
2	Savannah Greenplains Subdivision 2	Fog Horn, Inc.	Horizontal	2015	670	670	320,000,000
3	Savannah Greenplains Subdivision 3	Fog Horn, Inc.	Horizontal	2015	1,346	1,346	441,000,000
4	Deca Homes Marilao	8990 Housing	Horizontal	2019	822	822	509,000,000
<i>South Luzon</i>							
5	Bella Vista Subdivision	8990 Luzon	Horizontal	2015	3,844	3,844	1,500,000,000
6	Deca Homes Tanza	8990 Housing	Horizontal	2016	631	631	144,000,000
7	Deca Homes Marseilles	8990 Housing	Horizontal	2015	466	466	265,000,000
<i>Metro Manila</i>							
8	Urban Deca Towers EDSA	Fog Horn, Inc.	HRB	2017	1,142	974	780,000,000
9	Urban Deca Homes Campville	8990 Housing	MRB	2017	1,024	1,024	569,000,000
<i>Cebu</i>							
10	Urban Deca Homes Tipolo	Fog Horn, Inc.	MRB	2014	1,540	1,540	485,000,000
11	Deca Homes Baywalk Talisay 1	8990 Housing	Horizontal	2013	1,039	1,039	377,000,000
12	Deca Homes Baywalk Talisay 2	8990 Housing	Horizontal	2014	881	881	342,000,000
13	Deca Homes Baywalk Talisay 3	8990 Housing	Horizontal	2018	570	570	344,000,000
14	Urban Deca Homes Tisa	8990 Housing	MRB	2016	936	936	290,000,000
15	Urban Deca Homes H. Cortez	8990 Housing	MRB	2018	1,400	1,400	820,000,000

16	Deca Homes Bacayan	8990 Housing	Horizontal	2007	224	224	67,000,000
17	Deca Homes Danao	8990 Housing	Horizontal	2009	880	880	114,000,000
18	Deca Homes Mactan 1	8990 Housing	Horizontal	2008	679	679	144,000,000
19	Deca Homes Mactan 2	8990 Housing	Horizontal	2009	150	150	50,000,000
20	Deca Homes Mactan 3	8990 Housing	Horizontal	2011	473	473	150,000,000
21	Deca Homes Mactan 4	8990 Housing	Horizontal	2013	1,248	1,248	459,000,000
22	Deca Homes Mactan 5	8990 Housing	Horizontal	2013	1,196	1,196	430,000,000
23	Deca Homes Mandaue Prime	8990 Housing	Horizontal	2013	912	912	347,000,000
24	Deca Homes Minglanilla 1	8990 Housing	Horizontal	2012	187	187	113,000,000
25	Deca Homes Minglanilla 2	8990 Housing	Horizontal	2012	611	611	116,000,000
26	Deca Homes Minglanilla 3	8990 Housing	Horizontal	2012	825	825	214,000,000
27	Deca Homes Minglanilla 4	8990 Housing	Horizontal	2012	329	329	101,000,000
28	Deca Homes Minglanilla 5	8990 Housing	Horizontal	2012	25	25	10,000,000
29	Deca Homes Minglanilla 6	8990 Housing	Horizontal	2012	56	56	29,000,000
30	Deca Homes Talisay	8990 Housing	Horizontal	2013	1,039	1,039	377,000,000
31	Deca Homes Tunghaan	8990 Housing	Horizontal	2009	381	381	105,000,000
Iloilo							
32	Deca Homes Pavia 1	8990 Housing	Horizontal	2012	976	976	355,000,000
33	Deca Homes Pavia 2	8990 Housing	Horizontal	2013	884	884	311,000,000
Davao							
34	Deca Homes Indangan 1	8990 Housing	Horizontal	2016	544	544	214,000,000
35	Deca Homes Indangan 2	8990 Housing	Horizontal	2017	1,329	1,329	478,000,000
36	Deca Homes Indangan 3	8990 Housing	Horizontal	2017	1,369	1,369	492,000,000
37	Deca Homes Indangan 4	8990 Housing	Horizontal	2017			845,000,000
38	Deca Homes Catalunan Grande	8990 Housing	Horizontal	2016	649	649	316,000,000
39	Deca Homes Mulig (Socialized)	8990 Housing	Horizontal	2019	304	304	68,000,000
40	Deca Homes Davao	8990 Housing	Horizontal	2011	1,696	1,696	298,000,000
41	Deca Homes Esperanza	8990 Housing	Horizontal	2015	2,072	2,072	750,000,000
42	Deca Homes Resort Residences 1	8990 Housing	Horizontal	2015	2,993	2,993	840,000,000
43	Deca Homes Resort Residences 2	8990 Housing	Horizontal	2015			
44	Deca Homes Resort Residences 3	8990 Housing	Horizontal	2015			
45	Deca Homes Resort Residences 4	8990 Housing	Horizontal	2015			
46	Deca Homes Resort Residences 5	8990 Housing	Horizontal	2015			
47	Deca Homes Resort Residences 6	8990 Housing	Horizontal	2015			
48	Deca Homes Resort Residences 7	8990 Housing	Horizontal	2015			
49	Deca Homes Resort Residences 8A	8990 Housing	Horizontal	2015	276	276	163,000,000

50	Deca Homes Resort Residences 8B	8990 Housing	Horizontal	2015	419	419	158,000,000
51	Deca Homes Resort Residences 8C	8990 Housing	Horizontal	2015	638	638	239,000,000
52	Deca Homes Resort Residences 9	8990 Housing	Horizontal	2015	1,341	1,341	419,000,000
53	Deca Homes Resort Residences 10	8990 Housing	Horizontal	2015	534	534	185,000,000
54	Deca Homes Resort Residences 11	8990 Housing	Horizontal	2015	95	95	63,000,000
55	Deca Homes Resort Residences 12	8990 Housing	Horizontal	2015	208	208	92,000,000
56	Deca Homes Resort Residences Prime	8990 Housing	Horizontal	2015	217	217	85,000,000
57	Deca Homes Resort Residences Executive	8990 Housing	Horizontal	2015	421	421	260,000,000
General Santos							
58	Deca Homes Gensan (economic)	8990 Housing	Horizontal	2017	243	243	105,000,000

As of September 30, 2020, the Company is developing another 20 Mass Housing, MRB and high-rise projects as summarized in the table below:

Project Name	Company	Type	Completion Year	% Completion Building	% Comp. Land Development	No. of Units	Units Delivered	Total Project Cost in Php
II. On-going								
North Luzon								
1 Deca Clark Resort Residences	8990 Luzon	Horizontal	2021	96%	96%	5,166	4,985	2,000,000,000
2 Deca Clark Resort Residences 12	8990 Luzon	Horizontal	2020	97%	97%	213	1	116,000,000
3 Urban Deca Homes Marilao	8990 Housing	MRB	2024	34%	79%	3,780	1,013	2,200,000,000
4 Deca Homes Marilao Extension	8990 Housing	Horizontal	2020	100%	100%	187	59	
5 Deca Homes Meycauyan	Primex Land, Inc.	Horizontal	2023	1%	44%	5,178	-	3,200,000,000
South Luzon								
6 Urban Deca Homes Hampton	8990 Housing	MRB	2021	88%	87%	1,988	1,707	972,000,000
7 Urban Deca Homes Mahogany	8990 Housing	MRB	2021	63%	79%	448	312	315,000,000
Metro Manila								
8 Urban Deca Homes Manila	Tondo Holdings	HRB	2021	88%	95%	13,212	8,687	10,100,000,000
9 Urban Deca Homes Ortigas	8990 Housing	HRB	2024	7%	66%	19,046	-	21,000,000,000
Cebu								
10 Urban Deca Homes Tisa 2	8990 Housing	MRB	2023	53%	80%	1,392	549	886,000,000
11 Monterazzas de Cebu	Genvi Development Corp	Horizontal	2021	n/a	74%	518	208	1,776,129,181
Iloilo								
12 Deca Homes Pavia Resort Residences	8990 Housing	Horizontal	2020	99%	98%	2,122	2,111	1,000,000,000
13 Deca Homes Pavia Resort Residences 2	8990 Housing	Horizontal	2020	87%	93%	2,987	2,317	1,400,000,000
14 Deca Homes Sta Barbara (Economic)	8990 Housing	Horizontal	2021	71%	55%	661	622	365,000,000
15 Deca Homes Sta Barbara (Socialized)	8990 Housing	Horizontal	2028	10%	55%	6,708	805	2,000,000,000
Bacolod								
16 Deca Homes South of Bacolod (Economic)	8990 Housing	Horizontal	2022	31%	64%	2,912	1,548	1,100,000,000
Leyte								
17 Deca Homes Ormoc (Economic)	8990 Housing	Horizontal	2022	16%	79%	360	35	180,000,000
Davao								
18 Deca Homes Mulig (Economic)	8990 Housing	Horizontal	2020	100%	100%	1,590	1,541	782,000,000
19 Deca Homes Talomo	8990 Housing	Horizontal	2026	7%	25%	5,948	164	2,100,000,000
General Santos								
20 Deca Homes Gensan (socialized)	8990 Housing	Horizontal	2021	88%	95%	2,530	1,495	533,000,000

The Company also has an identified pipeline of projects with an existing and available land bank. The projects which commenced in 2020 are summarized in the table below:

Pipeline Projects for 2020

Project Name	Company	Type	Completion Year	% Completion on BLG	% Comp. Land Devt	No. Of Units	Units Sold	Total Project Cost in Php
III. For Launching								
Metro Manila								
1 Urban Deca Tower Cubao	8990 Housing	HRB	2024	1%	100%	5,166	-	4,275,000,000
Cebu								
2 Urban Deca Tower Banilad	8990 Housing	HRB	2023	5%	2%	3,264	-	2,600,000,000
Iloilo								
3 Deca Homes Leganes	8990 Housing	Horizontal	2025	4%	35%	3,054	-	1,400,000,000

The Company will finance the development of its projects via monthly amortization made by buyers, proceeds from Pag-IBIG take-out, sale of CTS receivables, and availment of existing and future credit lines.

The parcels of land for the on-going and pipeline projects of the Company are free from any adverse third party claimants.

PROJECT DEVELOPMENT AND CONSTRUCTION

Land Acquisition

Funding for future land acquisitions as well as for the development of those already acquired will be sourced primarily from bank financing and/or internally-generated funds.

Offers for properties to the Company for land acquisition 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 or validity 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 consistent with 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. There are no material third party claims to the land titles covering the project sites of the Company as identified above which would have a material adverse effect on the business and operations of the Company.

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 primarily contracts the Lasvazmun group of companies (consisting of Lasvazmun Homes, Inc. and Las Caerus Homes, Inc.) for construction work in Luzon, Iloilo and some parts of Cebu and the Conmax group of companies (consisting of Conmax Inc. and Creofab Inc.) for construction work in Davao and other parts of Cebu. Formal arrangements with both groups have been in effect since 2011, ensuring that both contractors are exclusive to the Company only. The Company maintains relationships with many contractors for land development, including CGA Prime Builders Corporation, El Eloha Construction, Lasvazmun Homes, Inc., Las Caerus Homes, Inc., Conmax Inc., Creofab Inc., Panico Construction and Square 8. 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.

IN-HOUSE FINANCING

The Company through its subsidiaries including 8990 Housing, 8990 Luzon, 8990 Davao, 8990 Mindanao, and Foghorn, offers in-house financing to qualified borrowers who purchase housing units through its CTS Gold program. CTS Gold is divided into three (3) categories namely:

- CTS Gold Convertible – CTS Gold Convertible carries a fixed rate of 9.5% per annum. The 9.5% per annum interest rate is fixed for the first four (4) years and is subject to re-pricing at the end of fourth year. The interest rate re-pricing shall be subject to review thereafter, taking into account factors such as inflation and the prevailing market rates. Borrowers are encouraged to get a loan from Pag-IBIG. The terms of CTS Gold Convertible generally match Pag-IBIG requirements for similar loans. In case the buyer is unable to secure a loan from the fund for whatever reason, the buyer's account will automatically shift to CTS Gold Straight.
- CTS Gold Straight – Under the CTS Gold Straight product, interest is at 9.5% per annum and is not intended for Pag-IBIG take-up.
- CTS Gold In-House – CTS Gold In-House carries a 9.5% interest rate per annum and may be migrated to Pag-IBIG anytime as desired by the buyer.

All variants may have a tenor of up to twenty-five (25) years.

The Company is currently not offering the CTS Gold Convertible or the CTS Gold Straight financing options, and is only offering CTS Gold In-House option to its homebuyers.

Loan approval for the Company's in-house financing is based on capacity to pay. Anticipated amortization should constitute no more than 40% of the applicant's net disposable income during the same period. To substantiate claims of income (after statutory deductions and personal loans), the Company conducts a background investigation and examines other relevant documents such as certificate of employment and compensation, pay slips, other sources of income supported by bank account statements, contract of employment for OFWs, proof of remittance and income tax returns. Should any single individual applicant not meet this requirement, such applicant may add up to three individuals and apply as co-borrowers whose income is then measured on a combined basis.

Prospective homebuyers are required to attend three in-house seminars/lectures that cover topics such as the Company, its products and various projects, documentary requirements needed in purchasing a housing unit from the Company, manner of payment, repayment obligations, homeowners' responsibilities, etc.

For residential projects, the buyer is expected to pay not less than 3% of the purchase price as down payment, either immediately or within three months of signing.

Principal repayment occurs through monthly amortizations over a maximum of twenty-five (25) years. The title is transferred to the buyer only after full payment of the equity and principal amounts are made to the Company by either the buyer or by Pag-IBIG.

LIQUIDITY MANAGEMENT

Financing Options

Pag-IBIG Transfer

The Company may enter into take-out arrangements with Pag-IBIG as needed, where it transfers its CTS Gold Convertible receivables, typically within four (4) years of the loan commencement period, subject to the Company's requirements. The Company was able to transfer ₱1.64 billion and ₱161.0 million worth of receivables to Pag-IBIG in 2019 and the first quarter of 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 a CTS receivable by Pag-IBIG 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-Housing 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. The Company has begun to explore possible securitization transactions with respect to its receivables portfolio. In 2019, a total of ₱7.92 billion worth of receivables were sold to financing institution. 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.

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-eight (68) permanent employees organized per area of operation. Of the sixty-eight (68), eight (8) are managers in charge of North Luzon, South Luzon, Cebu, Iloilo, and Davao, while sixty (60) are employees functioning as remittance officers, frontline customer service officers and site collection officers. In addition, the services of five (5) 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

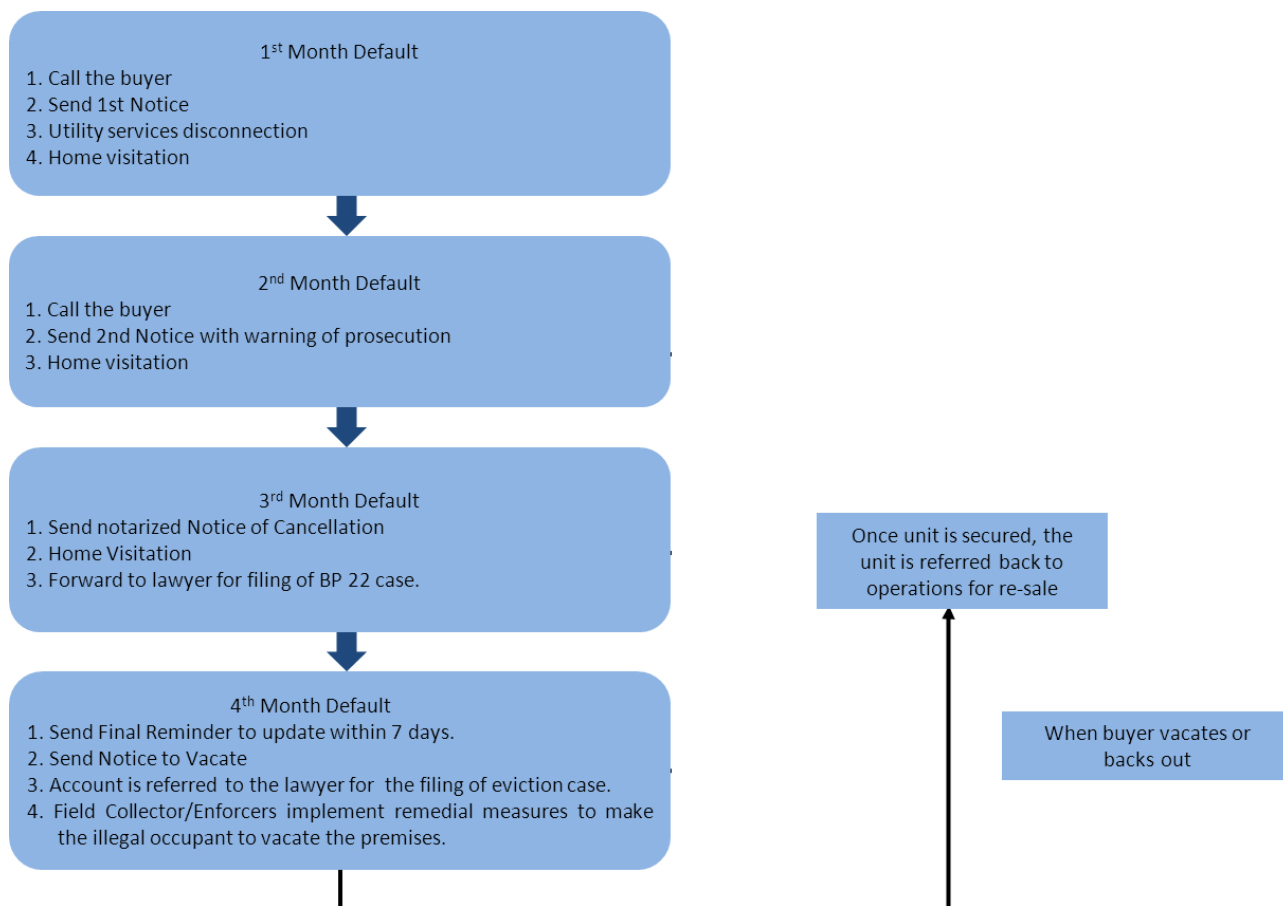
Potential homebuyers of the Company's housing units are required to submit twenty-five (25) post-dated checks. The first twenty-four (24) checks are equivalent to the first twenty-four (24) monthly amortization payments, while the 25th check represents the outstanding principal balance as of the 25th month and serves as an assurance that the borrower will again submit another twenty-four (24) post-dated checks (equivalent to the payments for months 25 to 48) plus another 25th check equivalent to the outstanding principal balance as of the 49th month. This cycle is repeated until the loan is fully paid at the end of the term. The excess 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 ₱200 is charged if the buyer replaces the check with cash paid directly to the Company.

The Company's estimated collection efficiency rates, defined as amount collected out of current amount due, have remained over 92% since 2011, with an estimated efficiency rate of 94% in 2019 and 82% as of the nine months ended September 30, 2020.

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 policies.

Collection Process in the Event of Default



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

MARKETING AND SALES

Marketing

The Company believes it has an extensive marketing network. The Company's marketing and distribution network consists of sixty-seven (67) teams, headed by unit managers and five hundred sixty four (564) total licensed brokers and with a combined total of approximately 3,000 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 commission structure and incentive schemes vary relative to the network's affiliation and sales structure. 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.

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

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

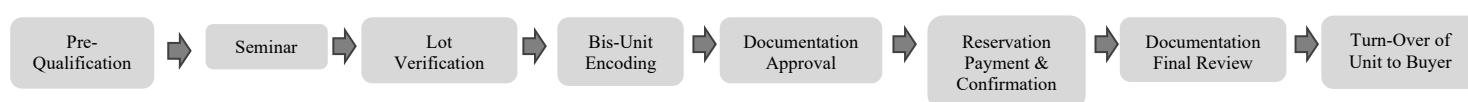
- **Cash Discounts.** The Company gives discounts upon full payment of the total contract price of the house and lot package (which price ranges from ₱450,000 to ₱2,000,000). Cash discounts are as follows:

Full Payment Within	Cash Discount
7 Days	3.0%

- “LipatAgad” Buyers 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 Gold 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.

Seminar – The buyer is required to attend a seminar wherein the buyer is oriented on what their obligations as homeowners, neighbors and explain what a postdated check is. We are the only housing developer that requires homeowners to attend the seminar.

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 at 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, 2019, 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 Purchased
Steelesia Manufacturing Corp.	Philippines	Deformed steel bars
AIM Global Products, Inc	Philippines	Electrical wires
Communication Hardware Corp.	Philippines	Variety of hardware materials
Diamond Interior Ind. Corp.	Philippines	Kitchen cabinets
Solid Cement, Corp.	Philippines	Cement

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 segment of 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.). 74% of the horizontal unit buyers and 92% 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 September 30, 2020:

Demographic	Subdivision	Condominium
Young:	87%	84%
20 to 35 Years Old	51%	53%
36 to 45 Years Old	36%	31%
College-Educated and Licensed Professionals	83%	87%
Gainfully Employed:	100%	100%
Office Workers	43%	65%
OFW	26%	12%
BPO	8%	10%
Minimum ₱26,000 Gross Family Income	73%	92%
Primary Residence Purpose	94%	78%

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

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. ₱450,000 to ₱2,000,000 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. ₱1,500,000 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 ₱450,000 to ₱2,000,000 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.

LAND BANK

As an integral part of its strategy, the Company believes that it maintains a land bank of sufficient size and nature to ensure that it has adequate land to cover its development requirements. The Company has invested 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 September 30, 2020, the Company had a land bank of approximately 465.70 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 September 30, 2020 are set out in the table below:

Location	Project Type	Area (HA)	Project Duration (in years)	Target Year of Development
Luzon				
Cubao, Quezon City	Urban Deca Tower	0.43	5	2020-2024
San Mateo, Rizal	Deca Homes	31.20	To be determined	
Batasan, Quezon City	Deca Homes	17.04	To be determined	
Balara, Quezon City	Urban Deca Homes	17.60	8	2022-2025
Commonwealth, Quezon City	Urban Deca Homes	2.00	7	2021-2025
Alabang Zapote, Las Pinas City	Urban Deca Homes	4.80	7	2022-2026
Filinvest, Alabang	Urban Deca Homes	0.12	To be determined	
Otis, Mendiola	Urban Deca Homes	2.80	6	2022-2025
Yakal, Makati	Urban Deca Homes	0.14	To be determined	
Juan Luna, Manila	Urban Deca Homes	0.13	To be determined	
Taft, Manila	Urban Deca Homes	0.08	To be determined	
Tanza	Deca Homes	10.00	To be determined	
Montecello, Baguio	Urban Deca Homes	4.27	To be determined	
Subtotal		90.61		
Visayas				
AS Fortuna, Banilas, Cebu	Urban Deca Homes	1.80	7	2020-2026
Guadalupe, Cebu	Deca Homes	3.20	To be determined	
Cebu Business Park, Cebu	Urban Deca Tower	0.31	To be determined	
Vistamar, Cebu	Urban Deca Tower	0.18	To be determined	
Mactan, Cebu	Deca Homes	44.90	To be determined	
Leganes, Iloilo	Deca Homes	25.40	7	2020-2026
San Miguel, Iloilo	Deca Homes	39.95	8	2021-2028
Granada, Bacolod	Deca Homes	62.00	9	2021-2029
Talamban, Cebu	Urban Deca Homes	2.90	To be determined	

Monterazzas Cebu	Monterazzas de Cebu	153.61	To be determined
Subtotal		334.25	
Mindanao			
Mulig, Davao	Deca Homes	15.30	To be determined
Quirino, Davao	Hotel	0.71	To be determined (The name of the hotel is not yet identified and are still to be determined as of date)
Tigatto, Davao	Deca Homes	24.83	To be determined
Subtotal		40.84	
Grand Total		465.70	

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 September 30, 2020:

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, an 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 as the Company's Davao branch. Some portions of the ground floor, the 3rd floor and the 4th floor are leased out.	None
3-hectare resort with the following amenities: clubhouse, swimming pool, basketball courts, mini soccer field and fishing lake	Tacunan, Davao City	Serves as additional amenities for the subdivision residents.	None
7-hectare Wakeboard Park	Mintal, Davao City	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 UDHManila and eventually upcoming NCR projects.	None

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

	Name of Lessee	Monthly Rental (₱)	Term	Company
1.	PTFC Redevelopment Corporation*	104,625.64	10/1/2016-9/30/2017	8990 Housing
		110,846.62	10/1/2017-9/30/2018	
2.	LFM Properties Corporation	80,550.40	8/1/2012-7/31/2013	8990 HOUSING
		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	
		64,960.00	5/15/2017-5/14/2018	
3.	Tri-City Properties Corporation (Units 5, 6, 7, 8, and 12)	70,029.48	4/21/2018-4/20/2019	LHDC
		70,029.48	4/21/2019-4/20/2020	
4.	SM Arena Complex Corporation*	840,000.00	6/22/2013-6/22/2014	8990 HOUSING
		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
5.	Philippine General Merchandise Corporation (2nd Floor)	12,678.75	4/1/2005-3/31/2007	8990 HOUSING/ 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	
6.	Philippine General Merchandise Corporation* (3rd Floor)	49,580.44	7/1/2015-7/1/2016	8990 HOUSING/ FHI
		159,600.00	7/1/2016-6/30/2018	
		173,040.00	7/1/2018-6/30/2020	
7.	Philippine General Merchandise Corporation* (5th Floor)	176,960.00	2/1/2018-3/31/2020	8990 HOUSING
8.	Philippine General Merchandise Corporation* (Warehouse)	210,029.79	11/1/2018-10/31/2020	8990 HOUSING
9.	Iloilo New Life Commercial Inc. (Mezzanine)	67,200.00	7/15/2017-01/14/2019	8990 HOUSING
		67,200.00	1/15/2019-1/14/2020	
		67,200.00	1/15/2020-1/14/2021	
10.	Iloilo New Life Commercial Inc.* (Door 2)	23,520.00	8/1/2017-7/31/2018	

		23,520.00	8/1/2018-7/31/2019	8990 HOUSING
		23,520.00	8/1/2019-7/31/2020	
11.	Iloilo New Life Commercial Inc.* (Door 3)	23,520.00	7/1/2017-6/30/2018	8990 HOUSING
		23,520.00	7/1/2018-6/30/2019	
		23,520.00	7/1/2019-6/30/2020	
12.	ECA Buildings*	67,760.00	6/1/2015-3/31/2017	8990 HOUSING
		67,760.00	6/1/2017-5/31/2019	
13.	Priscilla Mae Animas	28,880.00	4/1/2019-3/31/2021	8990 HOUSING
14.	Otropunto Corp.*	61,068.00	1/16/2016-1/15/2018	8990 HOUSING
		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	
15.	Calsado Enterprises	32,423.16	6/5/2016-6/4/2017	FHI
		32,423.16	6/5/2017-6/4/2018	
		33,896.95	6/5/2018-6/4/2019	
		18,735.34	8/5/2019-8/4/2020	
		18,735.34	8/5/2020-8/4/2021	
		19,231.24	8/5/2021-8/4/2022	

*lease contracts for the following properties are still being processed. The delay for processing was caused by the limited work arrangements during the quarantine period.

EMPLOYEES

As of September 30, 2020, the Company has a total of 470 employees. This is broken down as follows:

Function	Number of Employees
Managers	61
Finance and Accounting Staff	64
Conversion Staff	35
Credit & Collection Staff	67
Documentation Staff	81
Human Resources/Administrative Assistant.....	42
Management Information Systems Staff.....	14
Planning/Engineering Staff	57
Audit Staff	4
Pre-Documentation Staff.....	15
Treasury	4
Records Management.....	9
Materials & Procurement	6
Condo Corp/HOA	4
Receivables Management.....	6
Legal.....	1
Total	470

The Company does not currently anticipate hiring a significant number of additional employees within the next twelve (12) months, but it may look to hire as necessary subject to any changing needs of the business. Furthermore, as of the date of this Offer Supplement, 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 twenty (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 ten (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. For the years 2017, 2018, 2019, and as of September 2020, the company spent Php 3.4 million, Php 0.04 million, Php 1.3 million, and Php 0.07 million, respectively to comply with environmental laws and regulations.

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. See “Risk Factors — Risks Related to the Company’s Business — 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.”

LEGAL PROCEEDINGS

As of September 30, 2020, 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.

SUBSIDIARIES

The following table presents certain information regarding the Company’s Subsidiaries as of September 30, 2020:

Subsidiary	Country of incorporation	Total Assets	Company’s Ownership Interest	Company’s Share in Net Income/(Loss) for Quarter 3 2020
<i>(₱ in millions, except percentages)</i>				
8990 Housing	Philippines	86,518.5	100%	3,077.7
8990 Luzon.....	Philippines	5,063.5	100%	331.9
8990 Mindanao.....	Philippines	304.3	100%	1.5
8990 Davao	Philippines	1,774.8	100%	-18.2
8990 Leisure.....	Philippines	362.9	100%	-13.7
Fog Horn	Philippines	9,665.8	100%	-18.3

8990 Housing

Established on March 20, 2003, 8990 Housing is the 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.

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 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 every kind and description.

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 structures or whatever kind, together with their appurtenances.

On July 2, 2019, the Board of Directors (BOD) and stockholders of the Company approved the change in its corporate name from RLC 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.

Genvi Development Corp.

Genvi Development Corp. 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 Monterazzas de Cebu.

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 2nd Floor PGMC Bldg., 76 Calbayog St. corner Libertad St., Mandaluyong City.

MATERIAL PERMITS AND LICENSES

The Company and its subsidiaries have all the material permits and licenses necessary to operate their respective businesses as currently conducted, and such permits and licenses are valid and subsisting.

HLURB Certifications

Company	Branch	Project	Issue Date
8990 Housing	Cebu	Deca Homes Minglanilla Phase 2 to 6 Subdivision	2/17/2017
8990 Housing	Cebu	Urban Deca Homes Tisa	2/17/2017
8990 Housing	Cebu	Urban Deca Homes Cortes	2/17/2017
8990 Housing	Cebu	Minglanilla Homes Subdivision	2/17/2017
8990 Housing	Cebu	Deca Homes Baywalk Talisay 3	2/17/2017
8990 Housing	Cebu	Deca Homes Tunghaan Subdivision	2/17/2017
8990 Housing	Cebu	Deca Homes Baywalk Talisay 2	2/17/2017
Fog Horn Inc.	Cebu	Deca Homes - Talisay	2/17/2017
Fog Horn Inc.	Cebu	Urban Deca Homes - Tipolo Condominium	2/17/2017
8990 Housing	Davao	Deca Homes Esperanza Subdivision	2/9/2017
8990 Davao	Davao	Deca Homes Indangan Phase 2	2/9/2017
8990 Davao	Davao	Deca Homes Indangan Phase 1	2/9/2017
8990 Davao	Davao	Deca Homes Indangan Phase 2	2/9/2017
8990 Davao	Davao	Deca Homes Indangan Phase 3	2/9/2017
8990 Davao	Davao	Deca Homes Indangan Phase 4	2/9/2017
8990 Mindanao	Davao	Deca Homes Catalunan Grande	2/9/2017
8990 Housing	Davao	Deca Homes Resorts Residences Prime	2/9/2017
8990 Housing	Davao	Deca Homes Resorts Residences Subdivision	2/9/2017
8990 Housing	Davao	Deca Homes Resorts Residences Phase 10	2/9/2017
8990 Housing	Davao	Deca Homes Resorts Residences Phase 11	2/9/2017
8990 Housing	Davao	Deca Homes Resorts Residences Phase 12	2/9/2017
8990 Housing	Davao	Deca Homes Resorts Residences Phase 12	2/9/2017
8990 Housing	Davao	Deca Homes Resorts Residences	2/9/2017
8990 Housing	Davao	Deca Homes Resorts Residences	2/9/2017
8990 Housing	Davao	Deca Homes Resorts Residences	2/9/2017
8990 Housing	Davao	Deca Homes Resorts Residences Phase 8-A	2/9/2017
8990 Housing	Davao	Deca Homes Resorts Residences Phase 8-B	2/9/2017
8990 Housing	Davao	Deca Homes Resorts Residences Phase 8-C	2/9/2017
8990 Housing	Davao	Deca Homes Resort Residences Phase 9	2/9/2017
8990 Housing	Davao	Deca Homes Resort Residences Executive	2/9/2017
8990 Housing	Gensan	Deca Homes Gensan 1	2/9/2017
8990 Housing	Iloilo	Deca Homes Pavia	2/16/2017
8990 Housing	Iloilo	Deca Homes Pavia Phase 2	2/16/2017
8990 Housing	Iloilo	Deca Homes Pavia Resort Residences	2/16/2017
8990 Housing	Iloilo	Deca Homes Pavia Resort Residences Phase 2	2/16/2017
8990 Housing	NCR	Urban Deca Homes Campville	3/9/2017
8990 Housing	NCR	Urban Deca Towers Edsa	3/9/2017
8990 Luzon	North Luzon	Deca Clark Residences and Resorts Phase 9	4/3/2017
8990 Luzon	North Luzon	Deca Clark Residences and Resorts Phase 1	4/3/2017
8990 Luzon	North Luzon	Deca Clark Residences and Resorts Phase 2	4/3/2017
8990 Luzon	North Luzon	Deca Clark Residences and Resorts Phase 2	4/3/2017
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 10	4/3/2017
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 11	4/3/2017

8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 3	4/3/2017
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 4	4/3/2017
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 5	1/9/2017
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 6	4/3/2017
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 7	4/3/2017
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 8	4/3/2017
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 9	4/3/2017
8990 Luzon	South Luzon	Bella Vista Subdivision Cluster 1	2/22/2017
8990 Luzon	South Luzon	Bella Vista Subdivision Cluster 2	2/22/2017
8990 Luzon	South Luzon	Bella Vista Subdivision Cluster 3	2/22/2017
8990 Luzon	South Luzon	Bella Vista Subdivision Cluster 4	2/22/2017
8990 Luzon	South Luzon	Bella Vista Subdivision Cluster 5	2/22/2017
8990 Luzon	South Luzon	Bella Vista Subdivision Cluster 6	2/22/2017
8990 Housing	South Luzon	Urban Deca Homes Hampton	2/7/2017
8990 Housing	South Luzon	Deca Homes Tanza (Formerly Al Mare Homes)	2/22/2017
8990 Housing	South Luzon	Marseilles Subdivision	2/22/2017

License to Sell

Company	Branch	Project	LTS #	Issue Date
8990 Housing	Cebu	Minglanilla Homes Phase 1 Subdivision	7987	14/08/2003
8990 Housing	Cebu	Deca Homes Subdivision	9678	10/10/2003
8990 Housing	Cebu	Deca Homes Tunghaan Subdivision	10960	09/01/2004
8990 Housing	Cebu	Deca Homes Minglanilla Phase 2 to 6 Subdivision	10507	21/06/2004
8990 Housing	Cebu	Deca Homes Mactan 2 Subdivision	14752	22/09/2004
8990 Housing	Cebu	Deca Homes Mactan 1 Subdivision	11548	06/12/2004
8990 Housing	Cebu	Deca Homes Danao Phase 2 & 3 Subdivision	14823	22/09/2005
8990 Housing	Cebu	Deca Homes Mandaue Subdivision	18381	15/10/2007
8990 Housing	Cebu	Deca Homes Mactan 3 Subdivision	19453	20/12/2007
8990 Housing	Cebu	Minglanilla Homes Subdivision	20683	06/03/2008
Fog Horn Inc	Cebu	Deca Homes - Talisay	21702	28/05/2009
8990 Housing	Cebu	Deca Homes Mactan 4	21707	28/07/2009
8990 Housing	Cebu	Deca Homes Mactan 5 Subdivision	21752	03/08/2010
Fog Horn Inc	Cebu	Urban Deca Homes - Tipolo Condominium	25454	05/08/2012
8990 Housing	Cebu	Deca Homes Baywalk Talisay 2	26278	28/12/2012
8990 Housing	Cebu	Urban Deca Homes Tisa	27212	30/06/2014
8990 Housing	Cebu	Deca Homes Our Lady of Guadalupe	29516	01/06/2015
8990 Housing	Cebu	Deca Homes Our Lady of Guadalupe	29518	01/06/2015
8990 Housing	Cebu	Deca Homes Baywalk Talisay 3	30368	22/10/2015
8990 Housing	Cebu	Urban Deca Homes Cortes	31028-31029	26/05/2016
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 1	32823	28/12/2017
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 2	32824	28/12/2017
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 3	32825	28/12/2017
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 4	32826	28/12/2017
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 5	32827	28/12/2017
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 6	32828	28/12/2017

8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 7	32829	28/12/2017
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 8	32830	28/12/2017
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 9	32831	28/12/2017
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 10	32832	28/12/2017
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 11	32833	28/12/2017
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 12	32841	18/01/2018
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 13	32842	28/12/2017
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 14	33611	19/03/2018
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 15	33612	19/03/2018
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 16	33614	19/03/2018
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 17	32843	28/12/2017
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 18	32844	28/12/2017
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 19	32845	28/12/2017
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 20	33613	19/03/2018
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 21	33615	19/03/2018
8990 Housing	Cebu	Urban Deca Homes Banilad- Tower 1	07-20-003	02/01/2020
8990 Housing	Cebu	Urban Deca Homes Banilad- Tower 2	07-20-004	02/01/2020
8990 Housing	Cebu	Urban Deca Homes Banilad- Tower 3	07-20-005	02/01/2020
8990 Housing	Leyte	Deca Homes Ormoc - Gregoria Residences	34471	25/04/2019
8990 Housing	Davao	Deca Homes Resorts Residences Subdivision	17803	16/08/2007
8990 Housing	Davao	Deca Homes Resorts Residences Phase 10	22857	08/12/2009
8990 Housing	Davao	Deca Homes Resorts Residences Phase 8-B	22851	10/05/2010
8990 Housing	Davao	Deca Homes Esperanza Subdivision	23511	14/07/2010
8990 Housing	Davao	Deca Homes Resorts Residences Phase 8-A	23510	14/07/2010
8990 Housing	Davao	Deca Homes Resorts Residences	24818	18/05/2012
8990 Housing	Davao	Deca Homes Resorts Residences	24848	20/12/2012
8990 Housing	Davao	Deca Homes Resort Residences Phase 9	26582	25/02/2013
8990 Housing	Davao	Deca Homes Resorts Residences Phase 12	26590	25/04/2013
8990 Housing	Davao	Deca Homes Resort Residences Executive	26592	28/06/2013
8990 Housing	Davao	Deca Homes Resorts Residences	26602	29/10/2013
8990 Housing	Davao	Deca Homes Resorts Residences Phase 8-C	26600	29/10/2013
8990 Davao	Davao	Deca Homes Indangan Phase 1	26603	20/10/2014
8990 Housing	Davao	Deca Homes Resorts Residences Phase 12	30088	20/10/2014
8990 Davao	Davao	Deca Homes Indangan Phase 2	29353	22/10/2014
8990 Davao	Davao	Deca Homes Indangan Phase 2	29353	22/10/2014
8990 Housing	Davao	Deca Homes Resorts Residences Prime	29380	26/05/2015
8990 Housing	Davao	Deca Homes Resorts Residences Phase 11	30062	07/09/2015
8990 Davao	Davao	Deca Homes Indangan Phase 3	30079	13/10/2015
8990 Davao	Davao	Deca Homes Indangan Phase 4	30079	13/10/2015
8990 Mindanao	Davao	Deca Homes Catalanun Grande	30080	13/10/2015
8990 Housing	Davao	Deca Homes Mulig	32708	04/06/2017
8990 Housing	Davao	Deca Homes Talomo Phase 1	32748	18/09/2017
8990 Housing	Davao	Deca Homes Talomo Phase 2	34077	20/08/2019
8990 Housing	Gensan	Deca Homes Gensan 1	30098	27/11/2015
8990 Housing	Iloilo	Deca Homes Pavia	23107	29/01/2010
8990 Housing	Iloilo	Deca Homes Pavia Phase 2	25777	29/10/2012

8990 Housing	Iloilo	Deca Homes Pavia Resort Residences	26717	11/05/2014
8990 Housing	Iloilo	Deca Homes Pavia Resort Residences Phase 2	31949	25/02/2017
8990 Housing	Iloilo	Deca Homes Sta. Barbara Resort Residences	31943	19/05/2017
8990 Housing	Bacolod	Deca Homes South Bacolod	31965	14/09/2017
8990 Housing	NCR	Urban Deca Towers Edsa	29267	17/10/2014
8990 Housing	NCR	Urban Deca Homes Campville	29954	06/03/2015
Tondo Holdings	NCR	Urban Deca Homes Manila	33447	10/01/2018
Fog Horn Inc	North Luzon	Savannah Green Plains 1	15615	18/12/2006
Fog Horn Inc	North Luzon	Savannah Green Plains 2	17934	02/04/2008
Fog Horn Inc	North Luzon	Savannah Green Plains 3	23016	11/09/2009
8990 Luzon	North Luzon	Deca Clark Residences and Resorts Phase 1	24328	30/01/2012
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 5	26792	19/03/2013
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 6	26791	19/03/2013
8990 Luzon	North Luzon	Deca Clark Residences and Resorts Phase 2	28636	24/10/2013
8990 Luzon	North Luzon	Deca Clark Residences and Resorts Phase 2	28635	24/10/2013
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 3	29602	16/12/2014
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 4	29603	16/12/2014
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 7	30003	04/08/2015
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 8	30002	04/08/2015
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 11	30644	29/09/2015
8990 Housing	North Luzon	Urban Deca Homes - Marilao Subdivision	31216	27/07/2016
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 9	31156	20/09/2016
8990 Luzon	North Luzon	Deca Clark Residences and Resorts Phase 9	31842	03/10/2016
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 10	31157	04/11/2016
8990 Housing	North Luzon	Urban Deca Homes - Marilao Subdivision	31216	27/07/2016
8990 Housing	North Luzon	Urban Deca Homes - Marilao Subdivision - MRB	31856	28/02/2017
8990 Housing	North Luzon	Urban Deca Homes Marilao Phase 2A	35055	11/11/2019
8990 Housing	North Luzon	Urban Deca Homes Marilao Phase 2B	35056	11/11/2019
Primex Land	North Luzon	Deca Homes Meycauayan	35059	11/11/2019
8990 Luzon	South Luzon	Bella Vista Subdivision Cluster 1	26124	13/11/2012
8990 Luzon	South Luzon	Bella Vista Subdivision Cluster 5	29750	12/01/2014
8990 Housing	South Luzon	Marseilles Subdivision	28943	10/08/2014
8990 Luzon	South Luzon	Bella Vista Subdivision Cluster 4	29066	22/09/2014
8990 Luzon	South Luzon	Bella Vista Subdivision Cluster 3	30511	12/02/2015
8990 Luzon	South Luzon	Bella Vista Subdivision Cluster 6	29863	22/06/2015
8990 Housing	South Luzon	Deca Homes Tanza (Formerly Al Mare Homes)	29862	22/06/2015
8990 Luzon	South Luzon	Bella Vista Subdivision Cluster 2	30553	30/09/2015
8990 Housing	South Luzon	Urban Deca Homes Hampton	31263	06/01/2016
8990 Housing	South Luzon	Urban Deca Homes Mahogany	31432	09/05/2016

Board of Investments Certificate of Registration

Company	Branch	Project	BOI - COR		
			COR No.	Date Issued	Expiration Date
8990 Housing	Cebu	Urban Deca Homes Tisa	2015-200	09/28/2015	12/17/2021
8990 Housing	Cebu	Urban Deca Homes Cortes	2016-206	10/04/2016	12/17/2021

8990 Housing	Gensan	Deca Homes Gensan 1	2018-054	3/13/2018	03/12/2021
8990 LHDC	North Luzon	Deca Clark Residences and Resorts Phase 9	2018-055	3/13/2018	03/12/2021
8990 LHDC	North Luzon	Deca Clark Residences and Resort Phase 10			03/12/2021
8990 LHDC	North Luzon	Deca Clark Residences and Resort Phase 11			03/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 1	2018-265	12/13-2018	12/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 2			12/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 3			12/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 4			12/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 5			12/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 6			12/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 7			12/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 8	2018-266	12/13/2018	12/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 9			12/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 10			12/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 11			12/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 12			12/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 13			12/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 14			12/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 15			12/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 16			12/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 17			12/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 18			12/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 19			12/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 20			12/12/2021
8990 Housing	Cebu	Urban Deca Homes Tisa 2 - Bldg. 21			12/12/2021
8990 Housing	Bacolod	Deca Homes South Bacolod	2018-049	03/08/2018	03/07/2021
8990 Housing	Davao	Deca Homes Talomo Phase 1	2020-045	03/12/2020	03/11/2023
8990 Housing	Davao	Deca Homes Talomo Phase 2			03/11/2023
8990 Housing	North Luzon	Urban Deca Homes - Marilao Subdivision-MRB	2018-025	02/08/2018	02/07/2021
8990 Housing	Iloilo	Deca Homes Sta. Barbara Resort Residences	2018-276	12/18/2018	12/17/2021
8990 Housing	North Luzon	Urban Deca Homes Marilao Phase 2A	2020-046	03/12/2020	03/11/2023
8990 Housing	North Luzon	Urban Deca Homes Marilao Phase 2B	2020-047	03/12/2020	03/11/2023
PLI	North Luzon	Deca Homes Meycauayan	2020-048	03/12/2020	03/11/2024
8990 Housing	Leyte	Deca Homes Ormoc - Gregoria Residences	2019-262	12/04/2019	12/03/2022

Environmental Compliance Certificates

Company	Branch	Project	ECC
8990 Housing	NCR	Urban Deca Homes Campville	ECC-NCR-1501-0010
Fog Horn Inc.	North Luzon	Savannah Green Plains 1	03-PA-00609-09-257-212A
Fog Horn Inc.	North Luzon	Savannah Green Plains 2	03-PA-00609-09-257-212A
Fog Horn Inc.	North Luzon	Savannah Green Plains 3	03-PA-00609-09-257-212A
8990 Housing	Cebu	Deca Homes Danao Phase 2 & 3 Subdivision	07-02-02-15-0066-212

8990 Housing	Cebu	Deca Homes Subdivision	07-02-02-15-0066-212
8990 Housing	Cebu	Deca Homes Minglanilla Phase 2 to 6 Subdivision	07-03-10-28-0454-212
8990 Housing	Cebu	Deca Homes Mactan 1 Subdivision	07-04-09-22-0502-212
8990 Housing	Cebu	Deca Homes Mactan 2 Subdivision	07-04-09-22-0503-212
8990 Housing	Cebu	Urban Deca Homes Tisa	07-05-11-25-0365-212
8990 Housing	Gensan	Deca Homes Gensan 1	12-04-09-08-153-212
8990 Luzon	South Luzon	Bella Vista Subdivision Cluster 1	ECC - 4A-2002-625-211
8990 Luzon	South Luzon	Bella Vista Subdivision Cluster 2	ECC - 4A-2002-625-211
8990 Luzon	South Luzon	Bella Vista Subdivision Cluster 3	ECC - 4A-2002-625-211
8990 Luzon	South Luzon	Bella Vista Subdivision Cluster 4	ECC - 4A-2002-625-211
8990 Luzon	South Luzon	Bella Vista Subdivision Cluster 5	ECC - 4A-2002-625-211
8990 Luzon	South Luzon	Bella Vista Subdivision Cluster 6	ECC - 4A-2002-625-211
8990 Housing	Cebu	Urban Deca Homes Cortes	ECC- OL-R07-2016-0051
8990 Housing	South Luzon	Urban Deca Homes Hampton	ECC-389-CA-212-98
8990 Housing	South Luzon	Urban Deca Homes Mahogany	ECC-4A-2003-176-211
8990 Housing	NCR	Urban Deca Towers Edsa	ECC-NCR-1407-0273
8990 Housing	Davao	Deca Homes Esperanza Subdivision	ECC-R11-0805-075-8420
8990 Davao	Davao	Deca Homes Indangan Phase 2	ECC-R11-1208-0128
8990 Davao	Davao	Deca Homes Indangan Phase 1	ECC-R11-1208-0128
8990 Davao	Davao	Deca Homes Indangan Phase 2	ECC-R11-1208-0128
8990 Davao	Davao	Deca Homes Indangan Phase 3	ECC-R11-1208-0128
8990 Davao	Davao	Deca Homes Indangan Phase 4	ECC-R11-1208-0128
8990 Mindanao	Davao	Deca Homes Catalunan Grande	ECC-R11-1311-0245
8990 Housing	Davao	Deca Homes Resorts Residences Prime	ECC-R11-1405-0089
8990 Housing	Davao	Deca Homes Mulig	ECC-R11-1610-0026
8990 Housing	South Luzon	Deca Homes Tanza (Formerly Al Mare Homes)	ECC-R4A-1002-0037
8990 Housing	Iloilo	Deca Homes Pavia	ECC-R6-0908-265-8420
8990 Housing	Iloilo	Deca Homes Pavia Phase 2	ECC-R6-0908-265-8420
8990 Housing	Iloilo	Deca Homes Pavia Resort Residences	ECC-R6-1411-0415-8420A
8990 Housing	Iloilo	Deca Homes Pavia Resort Residences Phase 2	ECC-R6-1411-0415-8420A/ECC-R18-1610-0012-8420
8990 Housing	Davao	Deca Homes Resorts Residences Subdivision	ECC-XI-1019-187-8420
8990 Housing	Davao	Deca Homes Resorts Residences Phase 10	ECC-XI-1019-187-8420
8990 Housing	Davao	Deca Homes Resorts Residences Phase 11	ECC-XI-1019-187-8420
8990 Housing	Davao	Deca Homes Resorts Residences Phase 12	ECC-XI-1019-187-8420
8990 Housing	Davao	Deca Homes Resorts Residences Phase 12	ECC-XI-1019-187-8420

8990 Housing	Davao	Deca Homes Resorts Residences	ECC-XI-1019-187-8420
8990 Housing	Davao	Deca Homes Resorts Residences	ECC-XI-1019-187-8420
8990 Housing	Davao	Deca Homes Resorts Residences	ECC-XI-1019-187-8420
8990 Housing	Davao	Deca Homes Resorts Residences Phase 8-A	ECC-XI-1019-187-8420
8990 Housing	Davao	Deca Homes Resorts Residences Phase 8-B	ECC-XI-1019-187-8420
8990 Housing	Davao	Deca Homes Resorts Residences Phase 8-C	ECC-XI-1019-187-8420
8990 Housing	Davao	Deca Homes Resort Residences Phase 9	ECC-XI-1019-187-8420
8990 Housing	Davao	Deca Homes Resort Residences Executive	ECC-XI-1019-187-8420
8990 Housing	Cebu	Minglanilla Homes Subdivision	R07-0801-0050-212
8990 Housing	Cebu	Deca Homes Mactan 4	R07-0903-080-212
8990 Housing	Cebu	Deca Homes Mactan 5 Subdivision	R07-1001-0016
8990 Housing	Cebu	Deca Homes Our Lady of Guadalupe	R07-1402-0032
8990 Housing	Cebu	Deca Homes Our Lady of Guadalupe	R07-1402-0032
8990 Housing	Cebu	Deca Homes Baywalk Talisay 3	R07-1505-0089
8990 Housing	North Luzon	Urban Deca Homes - Marilao Subdivision	R3-03092016-3848
8990 Housing	North Luzon	Urban Deca Homes - Marilao Subdivision	R3-03092016-3848
8990 Luzon	North Luzon	Deca Clark Residences and Resorts Phase 9	R3-0907-329-8420
8990 Luzon	North Luzon	Deca Clark Residences and Resorts Phase 1	R3-0907-329-8420
8990 Luzon	North Luzon	Deca Clark Residences and Resorts Phase 2	R3-0907-329-8420
8990 Luzon	North Luzon	Deca Clark Residences and Resorts Phase 2	R3-0907-329-8420
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 10	R3-0907-329-8420
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 11	R3-0907-329-8420
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 3	R3-0907-329-8420
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 4	R3-0907-329-8420
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 5	R3-0907-329-8420
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 6	R3-0907-329-8420
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 7	R3-0907-329-8420
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 8	R3-0907-329-8420
8990 Luzon	North Luzon	Deca Clark Residences and Resort Phase 9	R3-0907-329-8420
8990 Housing	Manila	Urban Deca Homes Tondo	ECC-NCR-1605-0029
8990 Housing	Cebu	Deca Homes Mandaue Subdivision	07-07-06-18-211-212

LEGAL PROCEEDINGS

As of September 30, 2020, 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.

MARKET PRICE OF AND DIVIDENDS ON 8990's COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common shares have been listed on the Philippine Stock Exchange (PSE) since 2010. The common shares (PSE: HOUSE) closed at 6.72 on September 30, 2020.

DIVIDENDS

The declaration and payment of dividends are subject to certain conditions under the Company's existing loan agreements with various institutions. Under said loan agreements, the Company may declare and pay dividends provided: (a) all payments (including pre-payments) due on said loan and premiums on insurance of assets are current and updated; (b) all financial covenants set forth therein are satisfied; (c) certain financial ratios are met and such payment will not result in the violation of the required financial ratios under the loan agreements; and (d) no event of default as provided in the loan agreements shall exist or occur as a result of such payment.

The Company's current dividend policy provides that subject to available cash and existence of Unrestricted Retained Earnings, at least 50% of the net income of 8990 for the preceding fiscal year will be declared as dividends. 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.

The Company is subject to the following financial covenants under its PHP9 Billion Corporate Bonds (Series A Bonds Due 2020, Series B Bonds Due 2022, and Series C Bonds Due 2025):

- (a) Maximum Debt-to-Equity Ratio of 1.50:1.00.
- (b) Minimum Current Ratio of 1:00:1.00.
- (c) Minimum Debt Service Coverage Ratio of 1.25:100

CASH DIVIDEND

Each of the Subsidiaries has adopted the same dividend policy whereby, subject to available cash and existence of Unrestricted Retained Earnings, at least 50% of the net income of such Subsidiary for the preceding fiscal year will be declared as dividends.

The Subsidiaries of the Company have declared the following dividends over the past three fiscal years:

Subsidiary	2019	2018	2017
8990 Housing	2,059,160,318.87	2,276,404,121.72	328,311,161
8990 Luzon	-	416,126,041.45	-
8990 Mindanao	-	2,196,754.99	-
8990 Davao	-	127,878,236.37	-
Fog Horn	9,397,517.02	399,305,879.93	-
Total	2,068,557,835.89	3,221,911,034.46	328,311,161

DIVIDEND DECLARATION HISTORY

Below is a dividend declaration history of the Company during each of the three (3) fiscal years immediately preceding the date hereof:

Dividend Declaration Date	Rate of Dividend Declared (in PhP)	Record Date	Amount Paid (in PhP)
<i>Common Shares</i>			
5 November 2018	0.30	20 November 2018	1,655,397,216.00
5 February 2018	0.25	20 February 2018	1,379,497,680.00
6 November 2017	0.05	23 November 2017	275,899,536.00
6 February 2017	0.25	20 February 2017	1,379,497,680.00

<i>Preferred Shares</i>			
3 February 2020	1.506575	16 November 2020	75,328,750.00
3 February 2020	1.506575	17 August 2020	75,328,750.00
3 February 2020	1.506575	15 May 2020	75,328,750.00
3 February 2020	1.506575	17 February 2020	75,328,750.00
1 February 2019	1.506575	15 November 2019	75,328,750.00
1 February 2019	1.506575	15 August 2019	75,328,750.00
1 February 2019	1.506575	15 May 2019	75,328,750.00
1 February 2019	1.506575	18 February 2019	75,328,750.00
30 July 2018	1.506576	16 November 2018	75,328,750.00
30 July 2018	1.506576	20 August 2018	75,328,750.00
7 May 2018	1.506576	23 May 2018	75,328,750.00
19 February 2018	1.506576	27 February 2018	75,328,750.00

HIGH AND LOW SHARE PRICES

The market capitalization of 8990 common shares as of September 30, 2020 based on the closing price of Php 6.72 (as of September 30, 2020) was approximately Php 37.1 billion.

Common Shares:

	2020			2019			2018			2017		
	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
1st	14.86	11.96	11.96	13.44	8.23	12.84	7.22	6.06	6.60	7.78	6.50	6.80
2nd	12.00	9.61	9.71	16.28	12.90	15.50	7.64	6.42	7.36	6.69	5.93	6.60
3rd	9.86	6.72	6.72	15.86	15.04	15.04	7.49	7.10	7.28	6.60	4.99	5.00
4th				15.06	14.62	14.74	8.10	7.00	8.10	6.69	6.73	6.73

The market capitalization of 8990 preferred shares as of September 30, 2020 based on the closing price of Php 100.00 is Php 5 billion .

Preferred Shares:

	2020			2019			2018			2017		
	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
1st	100.00	92.50	92.50	96.05	90.00	93.00	102.10	100.10	100.30			
2nd	100.00	92.50	99.00	98.85	91.00	96.85	101.50	97.30	100.00			
3rd	103.00	98.25	100.00	100.00	94.00	97.00	101.10	95.00	95.20			
4th				99.80	96.00	99.70	99.00	94.00	96.00	102.00	100.00	100.20

The number of shareholders of record holding 8990 common shares as of September 30, 2020 is 33. Common shares outstanding as of September 30, 2020 is 5,391,399,000.

The number of shareholders of record holding 8990 preferred shares as of September 30, 2020 is 8. Preferred shares outstanding as of September 30, 2020 is 50,000,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the Company's financial results should be read in conjunction with the independent auditors' reports and the Company's audited consolidated financial statements and notes thereto contained in this Offer Supplement and the section entitled "Selected Financial and Operating Information." The unaudited interim financial statements of the Company as of September 30, 2020 has been disclosed to the PSE and SEC and are also available for viewing in the Company's official website.

This discussion contains forward-looking statements and reflects the current views of the Company with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" and elsewhere in this Offer Supplement.

Overview

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 & 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. As of September 30, 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. 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 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 to 10 days, with an additional five 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 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 2017, 2018, and 2019, the Company recorded consolidated revenues amounting to ₱10,181.7 million, ₱11,745.9 million, and ₱15,276.5 million, respectively, with resulting net income of ₱4,138.8 million, ₱4,674.9 million, and ₱5,578.5 million, respectively. For the nine months ended September 30, 2019 and 2020, the Company recorded consolidated revenues amounting to ₱10,508.5 million and ₱9,737.4 million, respectively.

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 Company’s 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 13 November 2020, the Company has submitted to PAG-IBIG approximately two thousand four hundred (2,400) CTS receivables, equivalent to approximately ₱2.2 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 receivables 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.

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 customer, 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 1889s 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 ₱1.9 million (for lots only) or ₱2.2 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 ₱450,000 and ₱3,000,000 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 ₱450,000 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 material 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 projects 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 operations 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 judgements, 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 judgements become even more subjective and complex. To provide an understanding of how the Company's management forms its judgements about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgements 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 2019 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.

	2017	2018	2019	3Q2019	3Q2020
	₱	₱	₱	₱	₱
	(Audited)			(Unaudited)	
			<i>(millions)</i>		
Revenue	10,181.7	11,745.9	15,276.5	10,508.5	9,737.4
Cost of Sales and Services	(4,523.3)	(5,282.0)	(7,010.8)	(4,784.9)	(4,682.1)
Gross Income	5,658.4	6,463.9	8,265.7	5,723.6	5,055.3
Operating Expenses	(1,684.3)	(1,985.6)	(2,474.3)	(1,534.3)	(1,417.0)

Net Operating Income	3,974.1	4,478.3	5,791.4	4,189.3	3,638.3
.....					
Finance Costs	(1,134.3)	(1,204.6)	(1,621.7)	(1,133.6)	(1,272.0)
.....					
Other Income	1,597.3	1,403.9	1,689.7	1,283.0	965.5
.....					
Income before Income Tax	4,437.1	4,677.8	5,859.3	4,338.7	3,331.8
.....					
Provision for Income Tax	(298.4)	(2.9)	(280.8)	(129.8)	(24.1)
.....					
Net Income	4,138.8	4,674.9	5,578.5	4,208.9	3,307.7
.....					

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.

Results of Operations

Nine months ended September 30, 2020 compared to nine months ended September 30, 2019

Revenue

For the nine months ended September 30, 2020, the Company recorded consolidated revenue of ₱9,737.4 million, a decrease from consolidated revenue of ₱10,508.5 million recorded for the nine months ended September 30, 2019. The decrease was mainly attributable by the restrictions on construction imposed because of the COVID-19 pandemic which has decreased production. Sales still exceeded ₱9 billion levels since there were sizeable level of ready for occupancy units available by the end of 2019.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the nine months ended September 30, 2020 was ₱4,648.5 million, a decrease from consolidated cost of sales and services of ₱4,784.9 million recorded for the nine months ended September 30, 2019. The decrease was mainly attributable to the decrease in sales recorded for the period.

Gross Income

The Company's consolidated gross income for the nine months ended September 30, 2020 was ₱5,055.3 million, a decrease from consolidated gross income of ₱5,723.6 million recorded for the nine months ended September 30, 2019. The Company's gross income margin for the nine months ended September 30, 2020 was 51.9%, compared to a gross income margin of 54.5% recorded for the nine months ended September 30, 2019. The Company attributes its strong 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 nine months ended September 30, 2020, the Company recorded consolidated operating expenses of ₱1,417.0 million, a decrease of 7.7% from consolidated operating expenses of ₱1,534.3 million recorded for the nine months ended September 30, 2019.

Finance Costs

The Company's consolidated finance costs for the nine months ended September 30, 2020 were ₱1,272.0 million, an increase from consolidated finance costs of ₱1,133.6 million recorded for the nine months ended September 30, 2019. The increase was mainly attributable to increase interest charged brought about by increased borrowings compared to same period last year.

Other Operating Income

For the nine months ended September 30, 2020, the Company recorded consolidated other income of ₱965.5 million, a decrease from the consolidated other income of ₱1,283.0 million recorded for the nine months ended September 30, 2019. Interest income on the Company's installment contract receivables under its CTS Gold program contributes to the majority of the other income. The decrease was due to decreased collection on the CTS Gold program as the government imposed moratorium on installment payments under the Bayanihan to Heal as One Act 1 and 2.

Income before Income Tax

The Company's consolidated income before income tax for the nine months ended September 30, 2020 was ₱3,331.8 million, a decrease from consolidated income before income tax of ₱4,338.7 million recorded for the nine months ended September 30, 2019. The decrease in consolidated income before income tax was a result from the restrictions on construction due to the pandemic which decreased production.

Provision for Income Tax

The Company's consolidated provision for income tax for the nine months ended September 30, 2020 was ₱24.1 million, a decrease from consolidated provision for income tax of ₱129.8 million recorded for the nine months ended September 30, 2019. The decrease was mainly attributable to the Company's decreased collections which is the basis for the income tax due.

Net Income

As a result of the foregoing, the Company's consolidated net income for the nine months ended September 30, 2020 was ₱3,307.7 million, a 21% decrease from consolidated net income of ₱4,208.9 million recorded for the nine months ended September 30, 2019. The Company's consolidated net income margin for the nine months ended September 30, 2020 was 33.9% compared to a consolidated net income margin of 40.1% for the nine months ended September 30, 2019.

Year ended December 31, 2019 compared to year ended December 31, 2018

Revenue

For the year ended December 31, 2019, the Company recorded consolidated revenue of ₱15,276.5 million, an increase of 30% from consolidated sales of ₱11,745.9 million recorded for the year ended December 31, 2018. The increase was mainly attributable to increased real estate sales. The Company's real estate sales generated ₱14,873.2 million in revenues for the year ended December 31, 2019, an increase of 27% from the ₱11,677.9 million in revenues recorded for the year ended December 31, 2018. The improvement was mainly due to an increase in average selling price of units sold for the year, supported by the growing nationwide market acceptance of the Company's CTS Gold program. The Company's rental income generated ₱16.5 million in revenues for the year ended December 31, 2019, an increase from the ₱12.5 million rental income for the year ended December 31, 2018. The Company's rental income consists of the rent from the commercial units in the Company's offices in Cebu and Davao.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the year ended December 31, 2019 was ₱7,010.8 million, an increase of 33% from consolidated cost of sales and services of ₱5,282.0 million recorded for the year ended December 31, 2018. The increase was mainly attributable to increases in costs of real estate operations, consistent with the sales growth of these segments.

Gross Income

The Company's consolidated gross income for the year ended December 31, 2019 was ₱8,265.7 million, an increase of 28% from consolidated gross income of ₱6,463.9 million recorded for the year ended December 31, 2018. The Company's gross income margin for the year ended December 31, 2019 was 54%, compared to a gross income margin of 55% recorded for the year ended December 31, 2018. The Company attributes its strong and steady gross income margin to its sound internal financial planning policies with respect to landbank acquisition and project budgeting process.

Operating Expenses

For the year ended December 31, 2019, the Company recorded consolidated operating expenses of ₱2,474.3 million, an increase of 25% from consolidated operating expenses of ₱1,985.6 million recorded for the year ended December 31, 2018.

Finance Costs

The Company's consolidated finance costs for the year ended December 31, 2019 were ₱1,621.7 million, an increase from consolidated finance costs of ₱1,204.6 million recorded for the year ended December 31, 2018. The increase was mainly attributable to higher interest rate for the Company's loan/s from creditor banks, and high interest for bonds payable as it is long term in nature.

Other Operating Income

For the year ended December 31, 2019, the Company recorded consolidated other income of ₱1,689.7 million, an increase from ₱1,403.9 million recorded for the year ended December 31, 2018. The increase was mainly attributable to increase interest income on the Company's cash in banks and short-term placements and loans receivable.

Income before Income Tax

The Company's consolidated income before income tax for the year ended December 31, 2019 was ₱5,859.3 million, an increase from consolidated income before income tax of ₱4,677.8 million recorded for the year ended December 31, 2018.

Provision for Income Tax

The Company's consolidated provision for income tax for the year ended December 31, 2019 was ₱280.8 million, an increase from consolidated provision for income tax of ₱2.9 million recorded for the year ended December 31, 2018.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2019 was ₱5,578.5 million, an increase of 19% from consolidated net income of ₱4,674.9 million recorded for the year ended December 31, 2018. The Company's consolidated net income margin for the year ended December 31, 2019 was 37% while 2018 recorded 40%.

Year ended December 31, 2018 compared to year ended December 31, 2017

Revenue

For the year ended December 31, 2018, the Company recorded consolidated revenue of ₱11,745.9 million, an increase of 15% from consolidated sales of ₱10,181.7 million recorded for the year ended December 31, 2017. The increase was mainly attributable to increased real estate sales. The Company's real estate sales generated ₱11,677.9 million in revenues for the year ended December 31, 2018, an increase of 15% from the ₱10,170.8 million in revenues recorded for the year ended December 31, 2017. The improvement was mainly due to an increase in average selling price of units sold for the year, supported by the growing nationwide market acceptance of the Company's CTS Gold program. The Company's rental income generated ₱12.5 million in revenues for the year ended December 31, 2018, an increase from the ₱10.9 million rental income for the year ended December 31, 2017. The Company's rental income consists of the rent from the commercial units in the Company's offices in Cebu and Davao.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the year ended December 31, 2018 was ₱5,282.0 million, an increase of 17% from consolidated cost of sales and services of ₱4,523.3 million recorded for the year ended December 31, 2017. The increase was mainly attributable to increases in costs of real estate operations, consistent with the sales growth of these segments.

Gross Income

The Company's consolidated gross income for the year ended December 31, 2018 was ₱6,463.9 million, an increase of 14% from consolidated gross income of ₱5,658.4 million recorded for the year ended December 31, 2018. The Company's gross income margin for the year ended December 31, 2018 was 55%, compared to a gross income margin of 44% recorded for the year ended December 31, 2017. The Company attributes its strong and steady gross income margin to its sound internal financial planning policies with respect to landbank acquisition and project budgeting process.

Operating Expenses

For the year ended December 31, 2018, the Company recorded consolidated operating expenses of ₱1,985.6 million, an increase of 18% from consolidated operating expenses of ₱1,684.3 million recorded for the year ended December 31, 2017.

Finance Costs

The Company's consolidated finance costs for the year ended December 31, 2018 were ₱1,204.6 million, an increase from consolidated finance costs of ₱1,134.3 million recorded for the year ended December 31, 2017. The increase was mainly attributable to higher interest rate for the Company's loan/s from creditor banks, and high interest for bonds payable as it is long term in nature.

Other Operating Income

For the year ended December 31, 2018, the Company recorded consolidated other income of ₱1,403.9 million, a decrease from ₱1,576.0 million recorded for the year ended December 31, 2017. The decrease was mainly attributable to decrease finance lease receivables.

Income before Income Tax

The Company's consolidated income before income tax for the year ended December 31, 2018 was ₱4,677.8 million, an increase from consolidated income before income tax of ₱4,437.1 million recorded for the year ended December 31, 2017.

Provision for Income Tax

The Company's consolidated provision for income tax for the year ended December 31, 2018 was ₱2.9 million, a decrease from consolidated provision for income tax of ₱298.4 million recorded for the year ended December 31, 2017.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2018 was ₱4,674.9 million, an increase of 13% from consolidated net income of ₱4,138 million recorded for the year ended December 31, 2017. The Company's consolidated net income margin for the year ended December 31, 2018 was 40% while 2017 recorded 41%.

Year ended December 31, 2017 compared to year ended December 31, 2016

Revenue

For the year ended December 31, 2017, the Company recorded consolidated revenue of ₱10,181.7 million, an increase of 12% from consolidated sales of ₱9,271.3 million recorded for the year ended December 31, 2016. The increase was mainly attributable to increased real estate sales. The Company's real estate sales generated ₱10,170.8 million in revenues for the year ended December 31, 2017, an increase of 12% from the ₱9,109.3 million in revenues recorded for the year ended December 31, 2016. The improvement was mainly due to an increase in average selling price of units sold for the year, supported by the growing nationwide market acceptance of the Company's CTS Gold program. The Company's rental income generated ₱10.9 million in revenues for the year ended December 31, 2017, a decrease from the ₱12.2 million rental income for the year ended December 31, 2016. The Company's rental income consists of the rent from the commercial units in the Company's offices in Cebu and Davao.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the year ended December 31, 2017 was ₱4,523.3 million, an increase of 8% from consolidated cost of sales and services of ₱4,270.5 million recorded for the year ended December 31, 2016. The increase was mainly attributable to increases in costs of real estate operations, consistent with the sales growth of these segments.

Gross Income

The Company's consolidated gross income for the year ended December 31, 2017 was ₱5,658.4 million, an increase of 15% from consolidated gross income of ₱5,000.8 million recorded for the year ended December 31, 2016. The Company's gross income margin for the year ended December 31, 2017 was 44%, compared to a gross income margin of 54% recorded for the year ended December 31, 2016. The Company attributes its strong and

steady gross income margin to its sound internal financial planning policies with respect to landbank acquisition and project budgeting process.

Operating Expenses

For the year ended December 31, 2017, the Company recorded consolidated operating expenses of ₱1,684.3 million, an increase of 2% from consolidated operating expenses of ₱1,615.0 million recorded for the year ended December 31, 2016.

Finance Costs

The Company's consolidated finance costs for the year ended December 31, 2017 were ₱1,134.3 million, an increase from consolidated finance costs of ₱963.3 million recorded for the year ended December 31, 2016. The increase was mainly attributable to higher interest rate for the Company's loan/s from creditor banks, and high interest for bonds payable as it is long term in nature.

Other Operating Income

For the year ended December 31, 2017, the Company recorded consolidated other income of ₱1,576.0 million, an increase from ₱1,535.9 million recorded for the year ended December 31, 2016. The increase was mainly attributable to the increase in cash in banks and short-term placements and reversal of credit loss.

Income before Income Tax

The Company's consolidated income before income tax for the year ended December 31, 2017 was ₱4,437.1 million, an increase from consolidated income before income tax of ₱4,023.5 million recorded for the year ended December 31, 2016.

Provision for Income Tax

The Company's consolidated provision for income tax for the year ended December 31, 2017 was ₱298.4 million, a decrease from consolidated provision for income tax of ₱448.9 million recorded for the year ended December 31, 2016.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2017 was ₱4,138.8 million, an increase of 16% from consolidated net income of ₱3,574.5 million recorded for the year ended December 31, 2016. The Company's consolidated net income margin for the year ended December 31, 2017 was 41% while 2016 recorded 39%.

Financial Position

As at September 30, 2020 compared to as at September 30, 2019

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were ₱722.4 million as at September 30, 2020, an increase of 44.0% from consolidated cash on hand and in banks of ₱501.6 million as at September 30, 2019.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were ₱3,421.9 million as at September 30, 2020, a decrease from consolidated current portion of trade and other receivables of ₱8,869.1 million as at September 30, 2019.

Inventories

The Company's consolidated inventories were ₱37,414.5 million as at September 30, 2020, an increase of 8.5% from consolidated inventories of ₱34,477.5 million as at September 30, 2019. The increase is due to increased inventory for medium-rise and high-rise building projects, and developed subdivision lots of the Company.

Due from related parties

The Company's consolidated due from related parties were ₱1,344.6 million as at September 30, 2020, an increase from consolidated due from related parties of ₱1,136.3 million as at September 30, 2019.

Other current assets

The Company's consolidated other current assets were ₱4,906.9 million as at September 30, 2020, an increase from consolidated other current assets of ₱4,369.7 million as at September 30, 2019, 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 ₱27,519.9 million as at September 30, 2020, a 70.2% increase from consolidated trade and other receivables - net of current portion of ₱16,164.5 million as at September 30, 2019. The increase was due to additional sales which availed of in-house financing scheme.

Property and equipment

The Company's consolidated property and equipment was ₱774.7 million as at September 30, 2020, a decrease from consolidated property and equipment of ₱833.6 million as at September 30, 2019.

Investment properties

The Company's consolidated investment property were ₱301.6 million as at September 30, 2020, an increase from consolidated investment property of ₱159.2 million as at September 30, 2019.

Other noncurrent assets

The Company's other noncurrent assets were ₱331.4 million as at September 30, 2020, an increase from other noncurrent assets of ₱275.1 million as at September 30, 2019.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were ₱9,445.7 million as at September 30, 2020, an increase from consolidated current portion of trade and other payables of ₱4,719.6 million as at September 30, 2019. 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 relations to recognition of sales.

Current portion of loans payable

The Company's consolidated current portion of loans payable were ₱14,811.6 million as at September 30, 2020, an increase from consolidated current portion of loans payable of ₱9,983.3 million as at September 30, 2019. The increase was due to increase short-term borrowing of the Company.

Deposits from customers

The Company's consolidated deposits from customers were ₱532.6 million as at September 30, 2020, an increase from consolidated deposits from customers of ₱433.2 million as at September 30, 2019. Increase were due to increased equity collections from urban Deca Homes Ortigas project.

Due to related parties

The Company's consolidated due to related parties were ₱85.9 million as at September 30, 2020, an increase from consolidated due to related parties of ₱67.3 million as at September 30, 2019.

Income tax payable

The Company's consolidated income tax payable was ₱106.million as at September 30, 2020, an increase from consolidated income tax payable of ₱76.9 million as at September 30, 2019.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables – net of current portion were ₱1,061.8 million as at September 30, 2020, an increase from consolidated trade and other payables – net of current portion of ₱29.3 million as at September 30, 2019. The increase is due to recognition of contract liabilities amounting to ₱858.3 million in relation to sold but uncompleted units for Monterazzas de Cebu project by Genvi Development Corporation and Urban Deca Homes Ortigas by 8990 Housing Development Corporation.

Loans payable - net of current portion

The Company's consolidated loans payable - net of current portion was ₱7,208.7 million as at September 30, 2020, a decrease from consolidated loans payable - net of current portion of ₱11,934.5 million as at September 30, 2019.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱870.0 million as at September 30, 2020, an increase from consolidated deferred tax liability of ₱55.2 million as at September 30, 2019. This deferred tax liability was attributable to uncollected revenue as most of the revenue recognition were under in-house financing scheme.

As at December 31, 2019 compared to as at December 31, 2018

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were ₱853.9 million as at December 31, 2019, a decrease of 60% from consolidated cash on hand and in banks of ₱2,143.6 million as at December 31, 2018.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were ₱4,407.0 million as at December 31, 2019, a 40% increase from consolidated current portion of trade and other receivables of ₱3,158.9 million as at December 31, 2018.

Inventories

The Company's consolidated inventories were ₱36,925.3 million as at December 31, 2019, an increase of 27% from consolidated inventories of ₱29,131.4 million as at December 31, 2018. 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 relating 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 ₱1,230.7 million as at December 31, 2019, an increase of 22% from consolidated due from related parties of ₱1,007.7 million as at December 31, 2018.

Other current assets

The Company's consolidated other current assets were ₱4,377.8 million as at December 31, 2019, an increase of 3% from consolidated other current assets of ₱4,262.1 million as at December 31, 2018, 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 ₱17,790.1 million as at December 31, 2019, an increase from consolidated trade and other receivables-net of current portion of ₱17,269.0 million as at December 31, 2018.

Property and equipment

The Company's consolidated property and equipment was ₱808.5 million as at December 31, 2019, a decrease of 2% from consolidated property and equipment of ₱826.5 million as at December 31, 2018.

Investment properties

The Company's consolidated investment properties were ₱313.1 million as at December 31, 2019, an increase from consolidated investment properties of ₱183.8 million as at December 31, 2018.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱900.9 million as at December 31, 2019, an increase from consolidated other noncurrent assets of ₱312.1 million as at December 31, 2018.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were ₱6,438.9 million as at December 31, 2019, an increase from consolidated current portion of trade and other payables of ₱5,703.3 million as at December 31, 2018.

Current portion of loans payable

The Company's consolidated current portion of loans payable were ₱11,828.2 million as at December 31, 2019, an increase of 63% from the consolidated current portion of loans payable of ₱7,242.8 million as at December 31, 2018.

Deposits from customers

The Company's consolidated deposits from customers were ₱905.5 million as at December 31, 2019, an increase of 75% from consolidated deposits from customers of ₱518.3 million as at December 31, 2018.

Due to related parties

The Company's consolidated due to related parties were ₱83.8 million as at December 31, 2019, an increase from consolidated due to related parties of ₱57.0 million as at December 31, 2018.

Income tax payable

The Company's consolidated income tax payable was ₱82.2 million as at December 31, 2019, an increase from consolidated income tax payable of ₱65.6 million as at December 31, 2018.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables - net of current portion were ₱1,060.0 million as at December 31, 2019, an increase from consolidated trade and other payables - net of current portion of ₱190.2 million as at December 31, 2018.

Loans payable - net of current portion

The Company's consolidated loans payable - net of current portion was ₱5,756.7 million as at December 31, 2019, a decrease from consolidated loans payable - net of current portion of ₱7,764.2 million as at December 31, 2018.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱870.0 million as at December 31, 2019, an increase from consolidated deferred tax liability of ₱201.2 million as at December 31, 2018. 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, 2018 compared to as at December 31, 2017

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were ₱2,143.6 million as at December 31, 2018, an increase of 56% from consolidated cash on hand and in banks of ₱1,377.4 million as at December 31, 2017.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were ₱3,158.9 million as at December 31, 2018, a 32% increase from consolidated current portion of trade and other receivables of ₱2,390.5 million as at December 31, 2017.

Inventories

The Company's consolidated inventories were ₱29,131.4 million as at December 31, 2018, an increase of 13% from consolidated inventories of ₱25,741.3 million as at December 31, 2017. 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 relating to high rise building project in Urban Deca Homes Manila.

Due from related parties

The Company's consolidated due from related parties were ₱1,007.7 million as at December 31, 2018, an increase of 88% from consolidated due from related parties of ₱535.6 million as at December 31, 2017.

Other current assets

The Company's consolidated other current assets were ₱4,262.1 million as at December 31, 2018, an increase of 85% from consolidated other current assets of ₱2,305.6 million as at December 31, 2017, 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 ₱17,268.9 million as at December 31, 2018, a decrease from consolidated trade and other receivables-net of current portion of ₱20,503.1 million as at December 31, 2017. Decrease is mainly due to sale of receivables to a financial institution in 2018.

Property and equipment

The Company's consolidated property and equipment was ₱826.5 million as at December 31, 2018, an increase of 167% from consolidated property and equipment of ₱309.6 million as at December 31, 2017.

Investment properties

The Company's consolidated investment properties were ₱183.8 million as at December 31, 2018, a decrease from consolidated investment properties of ₱295.8 million as at December 31, 2017.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱312.1 million as at December 31, 2018, an increase from consolidated other noncurrent assets of ₱215.3 million as at December 31, 2017.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were ₱5,653.0 million as at December 31, 2018, an increase from consolidated current portion of trade and other payables of ₱4,245.3 million as at December 31, 2017.

Current portion of loans payable

The Company's consolidated current portion of loans payable were ₱7,242.8 million as at December 31, 2018, an increase of 17% from the consolidated current portion of loans payable of ₱6,208.5 million as at December 31, 2017.

Deposits from customers

The Company's consolidated deposits from customers were ₱518.3 million as at December 31, 2018, an increase of 3% from consolidated deposits from customers of ₱441.5 million as at December 31, 2017.

Due to related parties

The Company's consolidated due to related parties were ₱57.0 million as at December 31, 2018, a decrease from consolidated due to related parties of ₱131.7 million as at December 31, 2017.

Income tax payable

The Company's consolidated income tax payable was ₱65.6 million as at December 31, 2018, a decrease from consolidated income tax payable of ₱142.1 million as at December 31, 2017.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables - net of current portion were ₱240.5 million as at December 31, 2018, an increase from consolidated trade and other payables - net of current portion of ₱144.8 million as at December 31, 2017.

Loans payable - net of current portion

The Company's consolidated loans payable - net of current portion was ₱7,764.2 million as at December 31, 2018, a slight increase from consolidated loans payable - net of current portion of ₱7,421.9 million as at December 31, 2017. 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 rose projects.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱201.2 million as at December 31, 2018, a decrease from consolidated deferred tax liability of ₱461.6 million as at December 31, 2017. 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, 2017 compared to as at December 31, 2016

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were ₱1,377.4 million as at December 31, 2017, an increase of 96% from consolidated cash on hand and in banks of ₱703.8 million as at December 31, 2016.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were ₱2,390.5 million as at December 31, 2017, a 7% increase from consolidated current portion of trade and other receivables of ₱2,231.1 million as at December 31, 2016.

Inventories

The Company's consolidated inventories were ₱25,741.3 million as at December 31, 2017, an increase of 27% from consolidated inventories of ₱20,264.1 million as at December 31, 2016. 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 relating to high rise building project in Urban Deca Homes Manila.

Due from related parties

The Company's consolidated due from related parties were ₱535.6 million as at December 31, 2017, an increase of 135% from consolidated due from related parties of ₱228.4 million as at December 31, 2016.

Other current assets

The Company's consolidated other current assets were ₱2,305.6 million as at December 31, 2017, an increase of 22% from consolidated other current assets of ₱1,895.8 million as at December 31, 2016, 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 ₱20,503.1 million as at December 31, 2017, a slight decrease from consolidated trade and other receivables-net of current portion of ₱20,527.0 million as at December 31, 2016.

Property and equipment

The Company's consolidated property and equipment was ₱309.6 million as at December 31, 2017, an increase of 7% from consolidated property and equipment of ₱288.6 million as at December 31, 2016.

Investment properties

The Company's consolidated investment properties were ₱295.8 million as at December 31, 2017, a decrease from consolidated investment properties of ₱296.7 million as at December 31, 2016.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱215.3 million as at December 31, 2017, an increase from consolidated other noncurrent assets of ₱176.3 million as at December 31, 2016.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were ₱4,245.3 million as at December 31, 2017, an increase from consolidated current portion of trade and other payables of ₱3,186.6

million as at December 31, 2016.

Current portion of loans payable

The Company's consolidated current portion of loans payable were ₱6,208.5 million as at December 31, 2017, a decrease of 9% from the consolidated current portion of loans payable of ₱6,855.6 million as at December 31, 2016.

Deposits from customers

The Company's consolidated deposits from customers were ₱441.5 million as at December 31, 2017, an increase of 3% from consolidated deposits from customers of ₱429.0 million as at December 31, 2016.

Due to related parties

The Company's consolidated due to related parties were ₱131.7 million as at December 31, 2017, an increase from consolidated due to related parties of ₱107.1 million as at December 31, 2016.

Income tax payable

The Company's consolidated income tax payable was ₱142.1 million as at December 31, 2017, a decrease from consolidated income tax payable of ₱219.4 million as at December 31, 2016.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables - net of current portion were ₱144.8 million as at December 31, 2017, an increase from consolidated trade and other payables - net of current portion of ₱70.2 million as at December 31, 2016.

Loans payable - net of current portion

The Company's consolidated loans payable - net of current portion was ₱7,421.9 million as at December 31, 2017, a decrease from consolidated loans payable - net of current portion of ₱8,195.5 million as at December 31, 2016. 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 rose projects.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱461.6 million as at December 31, 2017, a decrease from consolidated deferred tax liability of ₱540.1 million as at December 31, 2016. 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,			For the months ended September 30	
	2017	2018	2019	2019	2020
	₱	₱	₱	₱	₱
	(Audited)			(Unaudited)	
	(millions)				
Net Cash From (Used in) Operating Activities	270.8	5,292.0	1,179.3	(6,508.0)	(2,414.4)
Net Cash Used in Investing Activities	(406.6)	(1,703.0)	(1,904.6)	(43.3)	(22.3)
Net Cash Provided by (Used in) Financing Activities	809.4	(2,822.8)	(595.0)	4,909.4	2,305.2
Net Increase (Decrease) in Cash on Hand and in Banks	673.6	766.2	(1,320.3)	(1,642.0)	(131.5)
Cash and Cash Equivalents of Newly Acquired Subsidiary	-	-	30.6	-	-
Cash on Hand and in Banks at Beginning of Year	703.8	1,377.4	2,143.6	2,143.6	853.9
Cash on Hand and in Banks at End of Year	1,377.4	2,143.6	853.9	501.6	722.4

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 from operating activities were ₱1,179.3 million, for year ended December 31, 2019, net cash from operating activities ₱5,292.0 million, for year ended December 31, 2018 and net cash from operating activities of ₱270.8 million, for the year ended December 31, 2017. The Company's consolidated net cash used in operating activities were ₱2,414.4 million and for the period ended September 30, 2020 and consolidated net cash from operating activities were ₱6,508.0 million for the period ended September 30, 2019.

For the year ended December 31, 2019 and September 30, 2020, consolidated net cash flow from operating activities reflected cash used in the Company's operations.

Cash flows used in investing activities

Consolidated net cash flow used in investing activities for the years ended December 31, 2019, 2018 and 2017 were ₱1,904.6 million, ₱1,703.0 million and ₱406.6 million, respectively. Consolidated net cash flow used in investing activities for the period ended September 30, 2020 were ₱22.3 million, and consolidated net cash flow used in investing activities for the period ended September 30, 2019 were ₱43.3 million.

For the year ended December 31, 2019 and September 30, 2020, consolidated net cash flow used in investing activities reflected acquisitions of a new subsidiary and investment properties.

Cash flow used in financing activities

Consolidated net cash flow used in financing activities for the year ended December 31, 2019 and 2018 were ₱595.0 million and ₱2,822.8 million, respectively. Consolidated net cash flow provided by financing activities

for the year ended December 31, 2017 was ₱809.4 million. Consolidated net cash flow provided by financing activities for the period ended September 30, 2020 were ₱4,909.4 million, and consolidated net cash flow used in financing activities for the period ended September 30, 2019 were ₱2,305.2 million.

For the year ended December 31, 2019 and September 30, 2020, consolidated net cash flow used in financing activities was attributable mainly from the Company's payment of loans during the year and acquisition of treasury shares.

As disclosed in Note 1.2 to the consolidated financial statements, the Group acquired Genvi Development Corporation through 8990 Housing Development Corporation (HDC), which is one of the subsidiaries comprising the Group. The disclosure also indicated that in 2018, HDC has made an advance payment of ₱566.7 million for the acquisition and it was presented as part of the Inventories account in the 2018 consolidated of Genvi Development Corporation. This advance payment was recorded as such in 2018 because management originally thought that the acquisition will just be an asset acquisition similar to a previous acquisition that did not qualify for purchase accounting. In 2019, when the contract was fully consummated and all the necessary information became available, the transaction qualified as a business combination under PFRS 3; hence, purchase accounting was applied. To make the presentation of the said advance payment in 2018 conform with the more appropriate presentation in the consolidated statement of cash flows for the year ended

December 31, 2019, the Group reclassified the ₱566.7 million advance payment from the Cash Flows from Operating Activities under the Changes in operating assets and liabilities – Decrease (increase) in Inventories to Cash Flows from Investing Activities with a caption Acquisition of business. Unfortunately, this part of the disclosure was inadvertently omitted, hence, this additional disclosure in our MD&A. An analysis of the reclassification is presented below.

	<u>As Previously Reported</u>	<u>Effects of Reclassification</u>	<u>As Reclassified</u>
	<u>As of December 31, 2018</u>		
<i>Cash flows from operating activities</i>			
Changes in operating assets and liabilities:			
Inventories	(P3,380,020,802)	₱ 566,661,963	(₱2,813,358,839)
<i>Cash flows from investing activities</i>			
Acquisition of business	-	(566,661,963)	(566,661,963)
Net effect on net cash flow		P -	

CAPITAL EXPENDITURES

The Company's capital expenditures for the years ended December 31, 2018 and 2019 were ₱42.9 million and ₱77.7 million, respectively. The table below sets forth the primary capital expenditures of the Company over the same periods.

	For the years ended December 31,			For the nine months ended September 30,	
	2019	2018	2017	3Q 2020	3Q 2019
	Php	Php	Php	Php	Php
	<u>(Audited)</u>			<u>(Unaudited)</u>	
	<i>(millions)</i>			<i>(millions)</i>	
Land Improvement	-	-	-	771,429.0	-

Building	806,201.0	-	1,721,801.0	1,528,556.0	585,578.0
Leasehold improvements	2,241,108.0	8,254,406.0	10,490,410.0	1,907,240.0	968,199.0
Furniture and fixtures	21,307,494.0	20,662,549.0	17,495,604.0	6,019,339.0	16,360,900.0
Machineries and equipment	37,611,702.0	6,813,279.0	2,481,281.0	6,895,160.0	15,327,938.0
Transportation vehicles	6,735,370.0	6,293,949.0	26,905,642.0	5,100,000.0	8,509,370.0
Construction-in-progress	8,952,087.0	838,864.0	12,138,138.0	-	550,590.0
Total	77,653,962.0	42,863,047.0	71,232,876.0	22,221,724.0	42,302,494.0

On March 15, 2019, the Company, through its subsidiary 8990 Housing Development Corporation, entered into a Subscription Agreement for the subscription by 8990 Housing Development Corporation of a total of 2,913,128 common shares out of the existing but unissued capital stock of Genvi Development Corporation, at the subscription price of ₱219,312,800.00. Genvi Development Corporation is the developer of Monterrazas de Cebu, a development located in Cebu City, with an area of approximately 200 hectares.

On December 26, 2019, January 9, 2020 and February 21, 2020, the Company, through its subsidiary 8990 Housing Development Corporation, purchased 4.3 hectares of land in Monticello Road, Baguio City.

On February 10, 2020, the Company, through its subsidiary Fog Horn, Inc., purchased 920.5 sqm of land in Claro M. Recto Street, Tondo, Manila.

Aside from the items described in the previous paragraphs, the Company has no other material commitments for capital expenditure.

Key Performance Indicators

The table below sets forth key performance indicators for the Company for the years ended December 31, 2018 and 2019 and for the months ended September 30, 2019 and 2020.

Key Performance Indicators	As of December 31, 2019	As of December 31, 2018	As of September 30, 2020	As of September 30, 2019
	Audited			
Current Ratio	1.72	2.92	1.43	3.23
Book Value Per Share	6.04	5.24	6.56	5.86
Debt to Equity Ratio	1.10	1.06	1.22	1.14
Asset to Equity Ratio	2.10	2.06	2.22	2.14
Asset to Debt Ratio	1.91	1.94	1.82	1.88
Gross Income Margin	54.11%	55.03%	51.92%	54.47%
Net Income Margin	36.52%	39.80%	33.97%	40.05%

Debt Obligations and Facilities

The Company's total outstanding indebtedness was ₱17.6 billion and ₱22.0 billion as of December 31, 2019 and September 30, 2020, respectively, comprised of various short-term and long-term loans mainly from local banks, with interest rates ranging from 4.3 to 7.0% per annum. 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 Gold 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 PAG-IBIG where it will transfer its receivables under the CTS Gold program within four (4) years in exchange for cash. As of 13 November 2020, the Company has submitted to PAG-IBIG approximately two thousand four hundred (2,400) CTS receivables equivalent to approximately ₱2.2 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, net disposable income, etc. The Company believes that substantially all of its requests for take-outs have been accepted by PAG-IBIG.

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) or the securitization of portions of the Company's 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 Development Corporation, 8990 Luzon Housing Development Corporation, 8990 Davao Housing Development Corporation, and Fog Horn, Inc.) 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.

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.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

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 13 members. As of the date of this Offer Supplement, two (2) members of the Board are independent directors. All of the incumbent directors were re-elected at the Company's annual shareholders meeting on July 29, 2019 and will hold office for a period of one (1) year from their election and until their successors have been duly elected and qualified.

Due to the passing of Mr. Willibaldo J. Uy in October 2019, pending identification and determination of a replacement and until a new President is appointed to serve the unexpired portion of Mr. Uy's term, the Company's Chief Operating Officer, Mr. Alexander Ace Sotto, shall carry out the duties of president of the Company, in an acting capacity.

The table below sets forth each member of the Company's Board as of the date of this Offer Supplement.

Name	Age	Nationality	Position
Mariano D. Martinez, Jr.	66	Filipino	Chairman of the Board
Luis N. Yu, Jr.	64	Filipino	Chairman Emeritus and Director
Alexander Ace Sotto.....	39	Filipino	Acting President, COO and Director
Arlene C. Keh.....	57	Filipino	Independent Director
Manuel C. Crisostomo	66	Filipino	Independent Director
Manuel S. Delfin, Jr.	59	Filipino	Director
Lowell L. Yu	43	Filipino	Director
Raul Fortunato R. Rocha	67	Filipino	Director
Richard L. Haosen	57	Filipino	Director, Treasurer and Head of Treasury
Ian Norman E. Dato	41	Filipino	Director
Han Jun Siew	39	Malaysian	Director
Dominic J. Picone	42	American	Director
Roan Buenaventura – Torregoza	34	Filipino	Director, Chief Financial Officer

The business experience of each of the directors for the last five (5) years is set forth below.

Mariano D. Martinez, Jr.

Chairman of the Board

Mr. Mariano D. Martinez, Jr. has served as Chairman of the Board of 8990 Holdings, Inc. since September 2012. He holds a Bachelor of Science in Business Management degree from De La Salle University (1976). He is the President and CEO of 8990 Luzon Housing Development Corp since 2008 and Ceres Homes Inc. since 2002. He is also the President of Kwantlen Development Corporation since 2010. He previously held the position of President for Happy Well Management & Collection Services Inc. (2008), Fog Horn, Inc. (2004), and BP Waterworks Incorporated (1997). He is currently a Board Advisor to the SHDA. He held the position of Chairman (2001-2002) and President (1999-2001) for the SHDA. He 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. Luis N. Yu has served as a Director of 8990 Holdings, Inc. since July 2012. He is also the Chairman Emeritus of the Company. He holds a Master's degree in Business Management from the Asian Institute of Management. Mr. Yu is the Founder and Chairman Emeritus of iHoldings Inc. since 2012. 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 since 2009, 8990 Housing Development Corporation since 2006, and Fog Horn since 1994. He is the President of DECA Housing Corporation since 1995. He is also an Independent Director of LBC Express Holdings, Inc. since April 2015. Mr.

Yu is also a Director of Global Ferronickel Holdings, Inc. since June 2016. Mr. Yu has more than 30 years of experience managing and heading companies engaged in Mass Housing subdivision development.

Alexander Ace Sotto

Acting President, Chief Operating Officer, and Director

Mr. Sotto has been with 8990 Holdings Inc. for the past 13 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.

Arlene C. Keh

Independent Director

Ms. Arlene C. Keh has served as Independent Director of 8990 Holdings, Inc. since August 24, 2012. She serves as 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 of C-5 Mansions & Development Corporation and Alabang Homes Condotel, Inc. She is a Member of the Board of Governors of SHDA, Consultant to the Board of Directors of SM Foundation, Incorporated, and a Member of the Board of Foundation for Professional Training, Inc., Asian Appraisal Company, Incorporated and Amalgamated Project Management Services, Inc. She 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. She has a Bachelor of Science in Biology degree from University of the Philippines, where she earned the Dean's Medal for Highest Academic Achievement.

Manuel S. Delfin, Jr.

Director

Mr. Manuel S. Delfin, Jr., has served as a Director of 8990 Holdings, Inc. since September 2, 2014. He holds Bachelor in Zoology from University of the Philippines (1982) and a medical degree from the same university in 1986. He earned his residency from the same university in 1990, his fellowship in Glaucoma from California Pacific Medical Center, USA. He is a consultant and Chairman of the Department of Ophthalmology in Manila Doctors Hospital and consultant at Patients First Medical Center. He is also serving as Corporate Secretary of UP Medical Foundation, President of Lakan Bakor Foundation, Treasurer of Philippine Glaucoma Society, and President of Philippine Glaucoma Foundation.

Lowell L. Yu

Director

Atty. Lowell L. Yu has served as a Director of 8990 Holdings, Inc. since August 29, 2014. He holds Master in Management from Asian Institute of Management and Bachelor of Law (LLB) from Siliman University. He is the Chairman of Pacifica Holdings, Inc., Unido Capital Holdings, Inc., Kuya J Group Holdings, Inc. Southeast Asian Retail, Inc. and the President of iHoldings, Inc, 8990 Leisure and Resort, Inc., and Seventy Seven Living Spaces, Inc. He is a founding partner of Dato and Yu Law Offices. He previously worked as an AVP of Business Development of Earth+Style/Quantuvis Resources.

Raul Fortunato R. Rocha

Director

Mr. Raul Fortunato R. Rocha has served as a Director of 8990 Holdings, Inc. since August 29, 2014. He graduated from Divine Word College, Legazpi City in 1976 with a degree of BSC major in Management. He was banker for 14 years and is a businessman of real estate development and leasing. He is the President of LYRR Realty Development Corporation and Naga Queenstown Realty and Development Inc. He is also the Chairman of Tabaco Port Cargo Corp.

Richard L. Haosen

Director, Treasurer, and Head of Treasury

Mr. Richard L. Haosen has been Head of Treasury, Director of 8990 Holdings, Inc. since December 4, 2015, after being its Chief Financial Officer, Treasurer, Director since September 2, 2014. Mr. Haosen obtained his license as a Certified Public Accountant in 1982. He also has a Bachelor of Science Commerce, major in Accounting degree from the Ateneo de Davao University, Philippines (1982). He served as General Manager for Treasury at 8990 Housing, Vice President/Division Head of Business Lending Division - Cebu and the Business Lending Group - Visayas/Mindanao of Metropolitan Bank and Trust Company (MBTC) (2006-2010), Unit Head of MBTC Cebu Account Management Unit (2005-2006), and Account Officer of MBTC Cebu Downtown Center Branch (1994-2005).

Ian Norman E. Dato

Director

Mr. Ian Norman E. Dato has served as a Director of 8990 Holdings, Inc. since August 29, 2014. He holds Master of Law Degree (Master of Legal Letters) from University College London where he graduated with merit in 2011. He obtained his Juris Doctor from Ateneo de Manila University and a degree in Political Science from University of the Philippines Diliman. He is a member of the UCL Alumni Association, International Visitors Leadership Program Alumni of the US Department of State, and Chevening Alumni of the Foreign & Commonwealth Office of the United Kingdom. He is the Managing Partner of Dato Inciong & Associates and Corporate Secretary to 27 corporations. He is an incumbent director of Pacifica, Inc. Atty. Dato is also the Chairman of the Board of Directors of Newmanholdings, Inc. since 2016 and Treasurer of Aldeaprime, Inc. and Victory Star Sea Movers Ventures, Inc. His experience includes private law practice at Ponce Enrile Reyes & Manalastas Law Offices (2012) and Kalaw Sy Vida Selva & Campos (2005-2006). He was in government service (2003-2010) 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 at the Office of the President of the Philippines (2003-2005).

Han Jun Siew

Director

Mr. Jun Siew is currently a Senior Vice President in the Investments division of Khazanah Nasional Berhad, supporting the Financial Institutions Group sector and Philippines coverage. Within Khazanah he has worked on a wide range of investment projects, particularly in banking, insurance and reinsurance investments. He joined Khazanah in 2012. He holds a Bachelor of Business and Commerce (Economics, Banking and Finance) from Monash University, Australia.

Dominic J. Picone

Director

Mr. Dominic J. Picone has served as a Director of 8990 Holdings, Inc. since August 29, 2014. He holds Bachelor of Commerce in Finance and Bachelor of Law (LLB) from University of Melbourne. He is a Principal and Head of Asia Financial Services (ex. India) at TPG Capital, based in Singapore. In addition to 8990, he has been involved with current and past TPG portfolio companies, including BFI Finance, Masan Group, Fairmont Raffles Hotels, Bank BTPN, United Test & Assembly Center (UTAC) and CIMB. In 2005, he worked in the Investment Banking Division of Credit Suisse First Boston in Melbourne.

Manuel C. Crisostomo

Director

Mr. Manuel C. Crisostomo has served as Independent Director of 8990 Holdings, Inc. since January 29, 2016. Mr. Crisostomo was Senior Vice President and CEO of the 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. He has been Chairman of the Nominations and Compensation Committee and Chairman of the Corporate Governance Committee, effective 1 February 2016.

Roan B. Torregoza

Director and Chief Financial Officer

Ms. Roan Buenaventura-Torregoza was elected a director on September 14, 2020, and has been Chief Financial Officer of the Company since November 7, 2016, after being its Acting Chief Financial Officer since December 4, 2015. 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 University of the Philippines Diliman (2007).

The table below sets forth the Company's officers as of the date of this Offer Supplement.

Name	Age	Nationality	Position
Mariano D. Martinez, Jr.	66	Filipino	Chairman of the Board
Alexander Ace Sotto	39	Filipino	Acting President, Chief Operating Officer
Roan B. Torregoza	34	Filipino	Chief Financial Officer
Richard L. Haosen	57	Filipino	Treasurer and Head of Treasury
Teresa C. Secuya	58	Filipino	Compliance Officer
Cristina S. Palma Gil-Fernandez	52	Filipino	Corporate Secretary
Maureen O. Lizarondo-Medina	33	Filipino	Asst. Corporate Secretary
Patricia Victoria G. Ilagan	44	Filipino	Investor Relations Officer

The business experience of each of the key executive and corporate officers for the last five (5) years is set forth below.

Mariano D. Martinez, Jr.

Chairman of the Board

Please refer to the table of Directors above.

Alexander Ace Sotto

Acting President and Chief Operating Officer

Please refer to the table of Directors above.

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 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), and Marketing Assistant of HLC Construction & Development Corp. (March to May 1996). 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 (3) other publicly-listed Philippine corporations, and as Assistant Corporate Secretary to one of the largest publicly-listed infrastructure companies in the Philippines.

Maureen Christine 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. She is also the Assistant Corporate Secretary of Smart Communications, Inc. Voyager Philippines, Inc., and PayMaya Philippines, Inc., and the Philam mutual funds such as 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 degree in Management at Ateneo de Manila University. Her previous roles also include working as Senior Research Associate at Macquarie Capital Securities Philippines (2010-2012) and Senior Manager for Financial Planning and Analysis at Bloomberry Resorts and Hotels Inc. (2012-2015).

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS OF DIRECTORS AND EXECUTIVE OFFICERS

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 Offer Supplement: (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.

CORPORATE GOVERNANCE

The Company submitted its Revised Manual on Corporate Governance (the "Manual") to the Philippine SEC on May 31, 2017 in compliance with SEC Memorandum Circular No. 19, series of 2016. The Company and its respective directors, officers and employees have complied with the best practices and principles on good corporate governance as embodied in its Corporate Governance Manual. An evaluation system has been

established by the Company to measure or determine the level of compliance of the Board of Directors and top level management with its Manual of Corporate Governance.

Independent Directors

The Manual requires the Company to have at least two (2) independent directors in the Board of Directors, at least one of whom serves on each of the Corporate Governance, Nomination Committee, and the Audit Committee. Subject to approval by the majority of the Board of Directors, the number of independent directors may be increased to three (3) or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher.

An independent director is defined as a person who:

- a. has not been a senior officer or employee of the Company unless there has been a change in the controlling ownership of the Corporation;
- b. is not and has not been a director, officer, or employee of the Corporation, its Subsidiaries or affiliates or related companies during the past three (3) years immediately preceding the date of his election;
- c. has not been appointed in the Corporation, its subsidiaries, associates, affiliates, or related companies as Chairman “Emeritus,” “Ex-Officio” Directors/Officers, or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his election;
- d. is not an owner of more than two percent (2%) of the outstanding shares of the Corporation, its subsidiaries, associates, affiliates, or related companies;
- e. is not a securities broker-dealer of listed companies and registered issuers of securities. “Securities broker-dealer” refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
- f. is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent, or counsel of the Corporation, any of its related companies or substantial shareholders, or is otherwise independent of Management and free from any business or other relationship within the three (3) years immediately preceding the date of his election;
- g. does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director, or substantial shareholder, in any transaction with the Corporation or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm’s length and could not materially interfere with or influence the exercise of his independent judgment;
- h. is not affiliated with any non-profit organization that receives significant funding from the Corporation or any of its related companies or substantial shareholders; and
- i. is not employed as an executive officer of another company where any of the Corporation’s executives serve as directors.

COMMITTEES OF THE BOARD

The Board created and appointed Board members to each of the committees set forth below. Each member of the respective committees named below holds office as of the date of this Offer Supplement and will serve until his successor is elected and qualified.

Audit and Risk Management Committee

The Audit and Risk Committee is composed of at least three appropriately qualified members of the Board who have accounting, audit, 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. Recommend the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter.
- b. Through the Internal Audit (IA) Department, monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances shall be in place in order to (i) safeguard the Corporation's resources and ensure their effective utilization, (ii) prevent occurrence of fraud and other irregularities, (iii) protect the accuracy and reliability of the Corporation's financial data, and (iv) ensure compliance with applicable laws, rules and regulations;
- c. Oversee the IA Department and recommend the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services.
- d. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;
- e. Review and monitor Management's responsiveness to the Internal Auditor's findings and recommendations;
- f. 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 minimize duplication of efforts;
- g. Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically review the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Corporation's overall consultancy expenses. The committee should 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 Corporation's Annual Report and Annual Corporate Governance Report;
- h. Review and approve the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Areas where a significant amount of judgment has been exercised
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements.
- i. Review the disposition of the recommendations in the External Auditor's management letter;
- j. Perform oversight functions over the Corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- k. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- l. Recommend to the Board the appointment, reappointment, removal, and fees of the External Auditor, duly accredited by the SEC, who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders; and
- m. Meet with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meet with the head of the internal audit.

As of the date of this Offer Supplement, 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. Han Jun Siew, and Mr. Dominic J. Picone serve as its members.

Nominations and Compensation Committee

The Nominations and Compensation Committee is composed of at least three members of the Board, one of whom is an independent director. The Nominations and Compensation Committee reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval. The Nominations and Compensation Committee may also establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and the business strategy in which it operates.

As of the date of this Offer Supplement, the Nominations and Compensation Committee is chaired by Mr. Manuel C. Crisostomo, while Mr. Dominic J. Picone and Mr. Mariano D. Martinez, Jr. serve as its members.

Corporate Governance Committee

The Corporate Governance Committee is composed of at least three members of the Board, one of whom is an independent director. The Corporate Governance Committee reviews and evaluates the compliance of the Company with the Manual and the Philippine SEC Code of Corporate Governance for Publicly Listing Companies.

The Corporate Governance Committee has the following functions:

- a. Oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments;
- b. Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conduct an annual self-evaluation of its performance;
- c. Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- d. Recommend continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the Board members and senior officers, and remuneration packages for corporate and individual performance;
- e. Adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;
- f. Propose and plan relevant trainings for the members of the Board;
- g. Determine the nomination and election process for the Corporation's directors and has the special duty of defining the general profile of Board members that the Corporation may need and ensuring appropriate knowledge, competencies, and expertise that complement the existing skills of the Board; and
- h. Establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Corporation's culture and strategy as well as the business environment in which it operates.

As of the date of this Offer Supplement, the Corporate Governance Committee is chaired by Mr. Manuel C. Crisostomo, while Mr. Han Jun Siew and Mr. Luis N. Yu, Jr. serve as its members.

Executive Committee

The Executive Committee shall handle the management of the day-to-day business operations and affairs of the Company, except with respect to certain actions specifically reserved for Board action.

As of the date of this Offer Supplement, the Executive Committee is chaired by Mr. Mariano D. Martinez, Jr., while Mr. Luis N. Yu, Jr. and Mr. Richard L. Haosen serve as its members.

EVALUATION SYSTEM AND COMPLIANCE

As part of its system for monitoring and assessing compliance with the Manual and the Philippine SEC Code of Corporate Governance for Publicly Listed Companies, each committee is required to report regularly to the Board of Directors and the Manual is subject to quarterly review. The Compliance Officer is responsible for determining and measuring compliance with the Manual and the Philippine SEC Code of Corporate Governance. Any violation of the Company's Corporate Governance Manual shall subject the responsible officer or employee to penalties as provide by law.

EXECUTIVE COMPENSATION SUMMARY

Compensation

The following are the Company's President and four most highly compensated executive officers for the year ended December 31, 2019:

Name	Position
Willibaldo J. Uy*	President and CEO
Alexander Ace Sotto	Acting President/ Chief Operating Officer
Roan Buenaventura-Torregoza	Chief Financial Officer
Richard L. Haosen	Treasurer and Head of Treasury
Anthony Vincent S. Sotto	General Manager – Operations

**Passed away on 15 October 2019.*

The following table identifies and summarizes the aggregate compensation of the Company's President and CEO and the four highly most compensated executive officers of the Company in 2020, 2019, 2018, and 2017:

Name	Year	Salary	Bonuses	Other Annual Compensation
President and the four most highly compensated executive officers named above	2020 (Est.)	₱8,700,000.00	₱8,000,000.00	₱6,300,000.00
	2019	₱9,600,000.00	₱9,100,000.00	₱8,221,467.00
	2018	₱9,600,000.00	₱8,400,000.00	₱8,264,846.00
	2017	₱9,600,000.00	₱7,200,000.00	₱8,214,139.00
Aggregate compensation paid to all other officers as a group unnamed	2020 (Est.)	₱12,700,000.00	₱11,000,000.00	₱7,100,000.00
	2019	₱13,600,000.00	₱12,500,000.00	₱9,017,797.00
	2018	₱13,600,000.00	₱11,400,000.00	₱9,094,949.00
	2017	₱13,600,000.00	₱9,800,000.00	₱9,071,380.00

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.

Currently, the directors are entitled to a per diem allowance of ₱10,000.00 for each attendance in the Company's board meetings.

Other Arrangements

There are no other arrangements for which the directors are compensated by the Company for services other than those provided as a director.

SIGNIFICANT EMPLOYEES

The Company has no significant employee or personnel who was not an executive officer but is expected to make a significant contribution to the business.

FAMILY RELATIONSHIPS

As of the date of this Offer Supplement, 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., Chairman Emeritus.

Apart from the foregoing, there are no other family relationships up to the fourth civil degree either by consanguinity or affinity among directors or executive officers of the Company.

EMPLOYMENT CONTRACTS

The Company and its Subsidiaries have executed pro-forma employment contracts with its executive officers. These contracts basically specify the scope of services expected from these individuals and the compensation that they shall receive.

There are no arrangements for compensation to be received by these named executive officers from the Company in the event of a change in control.

WARRANTS AND OPTIONS OUTSTANDING

As of the date of this Offer Supplement, there are no outstanding warrants or options held by the president, the chief executive officer, the named executive officers, and all officers and directors as a group.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

The following are the list of the top twenty (20) stockholders of the Company as of December 7, 2020:

Rank	Name of stockholder	Nature of shares	Number of shares	Percentage
1	iHoldings, Inc.	Common	2,183,082,107	39.56%
2	PCD Nominee Corporation (Non-Filipino)	Common	957,401,577	17.35%
3	Kwantlen Development Corporation	Common	926,325,018	16.79%
4	PCD Nominee Corporation (Filipino)	Common	852,990,332	15.46%
5	Luis N. Yu, Jr.	Common	258,099,322	4.68%
6	Mariano D. Martinez, Jr.	Common	168,916,767	3.06%
7	Unido Capital Holdings Inc.	Common	160,549,600	2.91%
8	Willibaldo Maria J. Uy or Hilda J. Uy	Common	8,000,000	0.14%
9	Maria Linda B. Martinez	Common	2,000,000	0.04%
10	Antholin T. Muntuerto	Common	300,000	0.01%
11	Mark Werner J. Rosal	Common	200,000	Nil
12	Nicolas C. Divinagracia	Common	100,000	Nil
13	Ma. Christmas Reniva Nolasco	Common	11,500	Nil
14	Ian Norman E. Dato	Common	5,001	Nil
15	David Limqueco Kho	Common	5,000	Nil
16	Hector A. Sanvictores	Common	2,000	Nil
17	Stephen G. Soliven	Common	1,500	Nil
18	Jesus San Luis Velencia	Common	300	Nil
19	Raul Fortunado R. Rocha	Common	101	Nil
20	Shareholders' Association of the Philippines, Inc.	Common	100	Nil
TOTAL ISSUED			5,517,900,225*	100.00%

*includes 126,591,700 Treasury Shares

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Company's Voting Securities

As of December 7, 2020, the following persons are directly or indirectly the record and/or beneficial owner of more than five percent (5%) of any class of the Company's voting securities:

Type of Class	Name and address of record owner and relationship with issuer	Name of beneficial owner and relationship with record owner (Direct)	Citizenship	Number of shares held	Percentage
Common	iHoldings, Inc. Unit 605 Ayala FGU Center, Cebu Business Park, Cebu City Stockholder	Record owner is beneficial owner Lowell L. Yu. is expected to vote the shares of iHoldings, Inc.	Filipino	2,183,082,107	40.49%
Common	PCD Nominee Corporation (Non-Filipino) ¹	Pasir Salak Investments Limited, a Malaysian company,	Foreign (Various)	957,401,577	17.76%

¹ PCD Nominee Corporation is the registered owner of shares beneficially owned by participants in the Philippine Central Depository, 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'

	37/F, Tower 1, Enterprise Building, 6766 Ayala Avenue, Makati City Stockholder	beneficially owns 475,000 or 8.6% of the outstanding capital stock of the Company. Han Jun Siew is expected to vote the shares of Pasir Salak Investments Limited. TPG Rafter Holdings, Ltd., a Cayman Islands company, beneficially owns 475,000 or 8.6% of the outstanding capital stock of the Company. Ronald Cami or Dominic Picone is expected to vote the shares of TPG Rafter Holdings, Ltd.			
Common	Kwantlen Development Corporation Unit 605 Ayala FGU Center, Cebu Business Park, Cebu City Stockholder	Record owner is beneficial owner Mariano D. Martinez, Jr. is expected to vote the shares of Kwantlen Development Corporation	Filipino	926,325,018 – Direct 153,296,360 – Indirect (Lodged with PCD) 1,079,621,378 - Total	17.18%
Common	PCD Nominee Corporation (Filipino) 37/F, Tower 1, Enterprise Building, 6766 Ayala Avenue, Makati City Stockholder	Various	Filipino	852,990,332	15.82%

As of the date of this Offer Supplement, the Company's level of foreign ownership is as follows:

Security Type	Foreign-Owned Shares (%)	Local-Owned Shares (%)
Common Shares (Voting)	17.76%	82.24%

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.

Preferred Shares (Non-Voting)	1.37%	98.63%
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Security Ownership of Directors and Officers

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 December 7, 2020:

Type of Class	Name and address of owner	Number and nature of ownership	Citizenship	Percentage
Common	Mariano D. Martinez, Jr. Unit 605 Ayala FGU Center, Cebu Business Park, Cebu City	168,916,767 shares (Direct) 1,979,200 shares (Indirect)*	Filipino	3.13%
Common	Luis N. Yu, Jr. Unit 605 Ayala FGU Center, Cebu Business Park, Cebu City	258,099,322 (Direct)	Filipino	4.79%
Common	Willibaldo J. Uy** Phinma Properties Center. 29 EDSA, Mandaluyong	8,000,000 shares (Direct)	Filipino	0.15%
Common	Manuel C. Crisostomo #37 J. Serina St., Carmen Cagayan de Oro City	100 shares (Direct)	Filipino	0.00%
Common	Arlene C. Keh 12th Floor Equitable Tower, Paseo de Roxas Street, Makati City	1 share (Direct)	Filipino	0.00%
Common	Lowell L. Yu Unit 605 Ayala FGU Center, Cebu Business Park, Cebu City	1 share (Direct)	Filipino	0.00%
Common	Manuel S. Delfin, Jr. 32 Cabildo Jr. Urdaneta Villa, Makati City	1 share (Direct)	Filipino	0.00%
Common	Richard L. Haosen FBS Compound, Maguikay Mandaue City	1 share (Direct) 40,000 (Indirect – Lodged with PCD)	Filipino	0.00%
Common	Ian Norman E. Dato 3103A East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City	5,001 shares (Direct)	Filipino	0.00%
Common	Raul Fortunato R. Rocha c/o 8990 Holdings, Inc. 11 th Floor, Liberty Center, 104 H.V. dela Costa St., Salcedo Village, Makati City, Metro Manila	101 shares (Direct) 500,000 shares (Indirect – Lodged with PCD)	Filipino	0.00%
Common	Dominic J. Picone TPG Capital (S) Pte Ltd, #15-01 UOB Plaza 1 80 Raffles Place Singapore 048624	1 share (Direct) 99 shares (Indirect – Lodged with PCD)	American	0.00%
Common	Han Jun Siew No. 189 Persuaran Perupuk Sierramas, Sungal Buloh, 47000, Selangor, Malaysia	100 shares (Direct)	Malaysian	0.00%
Common	Alexander Ace Sotto	100 shares (Direct)	Filipino	0.00%

	c/o 8990 Holdings, Inc. 11 th Floor, Liberty Center, 104 H.V. dela Costa St., Salcedo Village, Makati City, Metro Manila			
NA	Roan Buenaventura-Torregoza c/o 8990 Holdings, Inc. 11 th Floor, Liberty Center, 104 H.V. dela Costa St., Salcedo Village, Makati City, Metro Manila	0	Filipino	0.00%
NA	Cristina S. Palma Gil-Fernandez c/o Picazo Buyco Tan Fider & Santos Law Office Penthouse, Liberty Center 104 H.V. dela Costa St., Salcedo Village Makati City, Metro Manila	0	Filipino	0.00%
NA	Maureen O. Lizarondo-Medina c/o Picazo Buyco Tan Fider & Santos Law Office Penthouse, Liberty Center 104 H.V. dela Costa St., Salcedo Village Makati City, Metro Manila	0	Filipino	0.00%
NA	Teresa C. Secuya 2 nd Floor PGM C Bldg, 76 Calbayog cor. Libertad St., Mandaluyong City, Metro Manila	0	Filipino	0.00%
N/A	Patricia Victoria G. Ilagan c/o 8990 Holdings, Inc. 11 th Floor, Liberty Center, 104 H.V. dela Costa St., Salcedo Village, Makati City, Metro Manila	0	Filipino	0.00%

* shares owned by Ms. Maria Linda B. Martinez, the spouse of Mr. Mariano D. Martinez, Jr.

** Passed away on 15 October 2019.

As of December 7, 2020, 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	957,401,678	4,433,997,342	5,391,399,020	17.76%
Preferred (non-voting)	8990P	684,850	49,315,150	50,000,000	1.37%

The number of shareholders of record for the Company's common shares as of December 7, 2020 is 33. Common shares outstanding as of December 7, 2020 is 5,391,399,000. The number of shareholders of record for the Company's preferred shares as of December 7, 2020 is 8. Preferred shares outstanding as of December 7, 2020 is 50,000,000.

Assuming that preferred shares of the follow-on issuance is availed of entirely by Filipino Citizens, the foreign ownership for the preferred shares of the Company would decrease to 0.685%.

Voting Trust Holders

There are no persons holding more than five percent of a class of shares of the Company under a voting trust or similar agreement as of the date of this Offer Supplement.

Sale of Unregistered or Exempt Securities

On 14 October 2020, the Company issued peso-denominated PDEX-Enrolled Corporate Notes in the amount of PhP1,300,000,000.00 with interest rate of 4.0500% p.a. due 2022 (the “Notes”), to qualified institutional buyers pursuant to Section 10.1(l) of the Securities and Regulations Code. Accordingly, the Notes are exempt from registration with the Securities and Exchange Commission. The Notes are enrolled and traded through the Philippine Dealing & Exchange Corporation.

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 PhP2.13 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 Development Corporation, 8990 Luzon Housing Development Corporation, 8990 Davao Housing Development Corporation, and Fog Horn, Inc.) 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 P2.13 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 P1.59 billion and Tranche B certificates with principal value of approximately P531.3 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.

Change in Control

As of the date of this Offer Supplement, there are no arrangements which may result in a change in control of the Company.

RELATED PARTY TRANSACTIONS

The Company and its Subsidiaries, in their ordinary course of business, engage in transactions with related parties and affiliates. As of December 31, 2017, 2018 and 2019, and as of September 30, 2019 and 2020, the Company has not made any provision for impairment losses relating to amounts owed by related parties.

All related party transactions are considered as inter-company loans. Hence, the transaction prices were determined by the parties through using the face value of the loans.

The summary of the Company's transactions with its related parties for the years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2019 and 2020, and the related outstanding balances as of December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2019 and 2020 are as follows:

30-Sep-20 Unaudited					
Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	1,417,153,294	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	85,928,956	Non-interest bearing, payable on demand	Unsecured
30-Sep-19 Unaudited					
Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	1,136,328,257	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	67,275,375	Non-interest bearing, payable on demand	Unsecured

31-Dec-19 Audited					
Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	1,303,266,391	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	83,767,452	Non-interest bearing, payable on demand	Unsecured
31-Dec-18 Audited					
Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	1,007,656,721	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	56,974,725	Non-interest bearing, payable on demand	Unsecured
31-Dec-17 Audited					
Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	535,632,842	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	131,669,888	Non-interest bearing, payable on demand	Unsecured

FINANCIAL INFORMATION

The following pages set forth 8990's unaudited consolidated financial statements as of and for the nine months ended September 30, 2020 and 2019 and 8990's audited consolidated financial statements for the years ended December 31, 2019, 2018, and 2017.

Item 1. Financial Statements.

8990 HOLDINGS, INC AND SUBSIDIARIES

Unaudited Consolidated Statements of Financial Position (in Philippine Peso)

8990 HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (in Philippine Peso)

Sept. 30

	2020 Unaudited	2019 Unaudited
ASSETS		
Current Assets		
Cash on hand and in banks (note 4)	722,375,957	501,631,775
Current portion of trade and other receivables (note 5)	3,421,850,771	8,869,103,160
Inventories (note 6)	37,414,542,474	34,477,542,458
Due from related parties (note 21)	1,344,556,872	1,136,328,257
Other current assets (note 8)	4,906,876,781	4,369,699,793
Total Current Assets	47,810,202,854	49,354,305,443
Noncurrent Assets		
Trade and other receivables - net of current portion (note 5)	27,519,926,383	16,164,476,042
Investment securities at fair value through OCI (note 7)	1,212,863,555	1,349,484,111
Property and equipment (note 9)	774,689,250	833,632,309
Investment properties (note 10)	301,579,695	159,233,522
Goodwill (note 8)	526,474,833	-
Other noncurrent assets (note 8)	447,467,650	275,106,853
Total Noncurrent Assets	30,783,001,365	18,781,932,836
Total Assets	78,593,204,219	68,136,238,279
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of trade and other payables (note 11)	9,445,720,079	4,719,562,213
Current portion of loans payable (note 12)	14,811,575,998	9,983,281,415
Bonds payable (note 13)	8,404,483,090	-
Deposits from customers (note 14)	532,576,154	433,195,494
Due to related parties (note 21)	85,928,956	67,275,375
Income tax payable	104,643,165	76,927,622
Total Current Liabilities	33,384,927,441	15,280,242,119
Noncurrent Liabilities		
Trade and other payables - net of current portion (note 11)	1,061,776,826	29,340,543
Loans payable - net of current portion (note 12)	7,208,708,234	11,934,481,800
Bonds payable (note 13)	591,195,389	8,969,827,925
Deferred tax liability	986,103,607	55,201,147
Total Noncurrent Liabilities	9,847,784,056	20,988,851,414
Total Liabilities	43,232,711,497	36,269,093,533
Equity		
Capital Stock (note 15)	5,567,990,720	5,567,990,720
Additional paid-in capital (note 15)	9,303,641,204	9,303,641,204
Treasury Shares (note 15)	(1,806,540,154)	(1,066,143,652)
Revaluation reserve	794,938,306	937,243,793
Retained earnings	21,500,462,645	17,124,412,681
Total Equity	35,360,492,722	31,867,144,746
	78,593,204,219	68,136,238,279

(see notes to unaudited consolidated financial statements)

8990 HOLDINGS, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Comprehensive Income (in Philippine Peso)

	For nine months ended Sept. 30	
	2020 Unaudited	2019 Unaudited
REVENUES (note 16)		
Real Estate Operations		
Real estate sales	9,676,482,109	10,203,440,026
Rental income	4,549,204	1,196,000
	9,681,031,313	10,204,636,026
Hotel operations	56,368,273	303,852,940
	9,737,399,586	10,508,488,966
COST OF SALES AND SERVICES (note 17)		
Real Estate Operations		
Cost of real estate sales	4,648,489,842	4,677,770,609
Hotel Operations	33,608,362	107,091,006
	4,682,098,204	4,784,861,615
Gross Income	5,055,301,382	5,723,627,350
Operating Expenses (note 18)	1,416,956,372	1,534,316,310
Other Operating Income (Expense) (note 20)	965,492,356	1,283,013,728
Finance Costs (note 19)	1,272,000,936	1,133,596,443
Operating Income	3,331,836,430	4,338,728,325
Other Income	-	-
Income Before Income Tax from Continuing Operations	3,331,836,430	4,338,728,325
Provision for Income Tax	24,097,762	129,834,586
Income from Continuing Operations	3,307,738,668	4,208,893,738
Income Before Income Tax from Discontinuing Operations	-	-
Net Income	3,307,738,668	4,208,893,738
Other Comprehensive Income	-	-
Total Comprehensive Income	3,307,738,668	4,208,893,738
(see notes to unaudited consolidated financial statements)		
Basic/Diluted Earnings	P 0.88	P 0.93

8990 HOLDINGS, INC. AND SUBSIDIARIES

Unaudited Consolidated Statements of Changes in Equity (in Philippine Peso)

	For nine months ended September 30, 2020									
	Capital Stock	Subscribed Capital Stock	Treasury Shares	Additional Paid in Capital	on Post- employment Benefit Plan	Investment Securities thorough FVOCI	Equity Reserve	Subtotal	Retained Earnings	Total
Balance at January 1, 2020	5,567,990,720	-	(1,266,523,478)	9,303,641,204	(5,620,730)	800,559,036	-	794,938,306	18,418,710,227	32,818,756,979
Cash dividends declared by the Parent Company	-	-	-	-	-	-	-	-	(225,986,250)	(225,986,250)
Restatement of previous years (Effect of PFRS15 adjustments on Genvi)	-	-	-	-	-	-	-	-	-	-
Treasury Shares	-	-	(540,016,676)	-	-	-	-	-	-	(540,016,676)
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Comprehensive income for the year	-	-	-	-	-	-	-	-	3,307,738,668	3,307,738,668
Balance at September 30, 2020	5,567,990,720	-	(1,806,540,154)	9,303,641,204	(5,620,730)	800,559,036	-	794,938,306	21,500,462,645	35,360,492,721
Balance at January 1, 2019	5,567,990,720	-	-	9,303,641,204	64,201	937,179,592	-	937,243,793	13,141,505,193	28,950,380,910
Cash dividends declared by the Parent Company	-	-	-	-	-	-	-	-	(301,315,000)	(301,315,000)
Restatement of previous years (Effect of PFRS15 adjustments on Genvi)	-	-	-	-	-	-	-	-	-	-
Treasury Shares	-	-	(1,266,523,478)	-	-	-	-	-	-	(1,266,523,478)
Other Comprehensive Income	-	-	-	-	(5,684,931)	(136,620,556)	-	(142,305,487)	-	(142,305,487)
Comprehensive income for the year	-	-	-	-	-	-	-	-	5,578,520,034	5,578,520,034
Balance at December 31, 2019	5,567,990,720	-	(1,266,523,478)	9,303,641,204	(5,620,730)	800,559,036	-	794,938,306	18,418,710,227	32,818,756,979
Balance at January 1, 2018	-	-	-	-	-	-	-	-	-	-
As previously reported	5,567,990,720	-	-	9,303,641,204	(2,479,173)	-	-	(2,479,173)	11,832,097,031	26,701,249,782
Effect of adoption of PFRS 9	-	-	-	-	-	855,787,034	-	855,787,034	(53,451,381)	802,335,653
As restated	5,567,990,720	-	-	9,303,641,204	(2,479,173)	855,787,034	-	853,307,861	11,778,645,650	27,503,585,435
Cash dividends declared by the Parent Company	-	-	-	-	-	-	-	-	(3,336,209,896)	(3,336,209,896)
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Net income	-	-	-	-	-	-	-	-	4,674,897,835	4,674,897,835
Other comprehensive income	-	-	-	-	2,543,374	105,564,162	-	108,107,536	-	108,107,536
Transfer of fair value gain on investment securities at FVOCI	-	-	-	-	-	(24,171,604)	-	(24,171,604)	24,171,604	-
Balance at December 31, 2018	5,567,990,720	-	-	9,303,641,204	64,201	937,179,592	-	937,243,793	13,141,505,193	28,950,380,910

	For nine months ended September 30, 2019									
	Capital Stock	Subscribed Capital Stock	Treasury Shares	Additional Paid in Capital	on Post- employment Benefit Plan	Investment Securities thorough FVOCI	Equity Reserve	Subtotal	Retained Earnings	Total
Balance at January 1, 2019	5,567,990,720	-	-	9,303,641,204	64,201	937,179,592	-	937,243,793	13,141,505,193	28,950,380,910
Cash dividends declared by the Parent Company	-	-	-	-	-	-	-	-	(225,986,250)	(225,986,250)
Treasury Shares	-	-	(1,066,143,652)	-	-	-	-	-	-	(1,066,143,652)
Comprehensive income for the year	-	-	-	-	-	-	-	-	4,208,893,738	4,208,893,738
Balance at September 30, 2019	5,567,990,720	-	(1,066,143,652)	9,303,641,204	64,201	937,179,592	-	937,243,793	17,124,412,681	31,867,144,741

8990 HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

As at and for the nine-months period ended September 30, 2020 and 2019

8990 HOLDINGS, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Cash Flows (in Philippine Peso)

	For nine months ended September 30		For years ended December 31	
	2020	2019	2019	2018
	Unaudited	Unaudited	Audited	Audited
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	3,331,836,430	4,338,728,325	5,859,349,850	4,677,755,407
Adjustments for:				
Interest income	(684,520,717)	(922,430,381)	(1,217,507,161)	(1,212,646,509)
Interest costs	1,272,000,936	1,115,276,221	1,596,179,807	1,181,272,643
Losses from assets written-off	-	-	37,137,321	-
Provision for credit and impairment losses	-	-	112,394,407	74,788,837
Depreciation and amortization	67,625,774	60,700,500	110,338,448	73,826,231
Amortization of bond issue costs	19,543,739	18,320,223	24,627,038	23,085,294
Provision for inventory write-down	-	-	-	-
Loss (gain) on repossession	(240,607,798)	-	(125,869,859)	97,680,357
Gain on sale of AFS	-	-	-	-
Gain on sale of property and equipment	-	-	-	(130,437)
Unrealized foreign exchange loss	-	-	-	-
Retirement expense	-	-	1,837,185	2,185,046
Loss on sale of a subsidiary	-	-	-	-
Gain on sale of unquoted debt security classified as lo	-	-	-	-
Operating income before changes in working capital	3,765,878,363	4,610,594,887	6,398,487,036	4,917,816,869
Changes in operating assets and liabilities				
Decrease (increase) in:				
Trade and other receivables	(8,744,731,239)	(4,605,768,092)	(1,330,792,994)	2,924,002,315
Inventories	(248,616,131)	(5,346,166,641)	(4,966,678,832)	(3,380,020,802)
Other assets	(485,995,994)	(114,942,821)	(659,650,524)	(2,051,701,327)
Increase (decrease) in:				
Trade and other payables	2,989,147,676	(1,669,077,696)	441,091,672	1,371,747,790
Deposits from customers	(372,950,626)	(85,113,662)	387,217,624	76,833,397
Net cash used in operations	(3,097,267,950)	(7,210,474,025)	269,673,981	3,858,678,242
Interest received	684,520,717	922,430,381	1,169,174,348	1,196,297,372
Income tax paid	(1,688,365)	(220,016,489)	(259,577,808)	(329,683,420)
Net cash from (used in) operating activities	(2,414,435,598)	(6,508,060,134)	1,179,270,521	4,725,292,194
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of a new subsidiary	-	-	(1,360,765,328)	-
Cash advances granted to/collected from related parties	-	-	(295,609,671)	-
Loans granted to a third party	-	-	(82,947,517)	-
Interest received from loans to a third party	-	-	48,332,813	-
Acquisitions of:				
Property and equipment	(22,221,722)	(42,302,494)	(78,241,258)	(41,820,902)
Investment properties	(110,575)	(984,539)	(135,337,479)	(827,457)
Proceeds from:				
Sale of AFS	-	-	-	32,031,175
Disposal of property and equipment	-	-	-	466,410
Net cash used in investing activities	(22,332,298)	(43,287,033)	(1,904,568,440)	(1,136,261,585)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of cash dividends	(225,986,250)	(225,986,250)	(301,315,000)	(3,336,209,896)
Availment (retirement) of loans payable	4,435,427,005	6,910,682,977	2,577,776,988	1,376,639,344
Interest paid on loans and bonds	(1,252,457,197)	(590,818,958)	(1,631,734,875)	(1,080,483,953)
Cash advances from related parties	-	-	267,927,267.71	317,606,794
Availment (Repayment) of advances from related parties	(111,725,398)	(118,370,886)	-	(100,387,482)
Issuance of preferred shares	-	-	-	-
Buyback of shares(treasury stocks)	(540,016,676)	(1,066,143,652)	(1,266,523,478)	-
Payment of shares issuance costs	-	-	-	-
Net cash provided by financing activities	2,305,241,484	4,909,363,231	(595,003,638)	(2,822,835,193)
Effect of changes in foreign exchange rates on hand and in b	-	-	-	-
Net increase (decrease) in cash on hand and in banks	(131,526,412)	(1,641,983,936)	(1,320,301,557)	766,195,416
Cash of newly acquired subsidiary	-	-	30,588,215	-
Cash Balance at the beginning of the year	853,902,369	2,143,615,711	2,143,615,711	1,377,420,295
Cash Balance at the end of the year	722,375,957	501,631,775	853,902,369	2,143,615,711

8990 HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

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Notes to Unaudited Consolidated Financial Statements

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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, 2019.

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

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

8990 HOLDINGS, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

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1. **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.

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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:

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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.

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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 'Land held for future development', '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:

	30-Sept.	
	2020	2019
	Unaudited	Unaudited
Cash on hand	32,094,437	22,891,563
Cash in banks	690,281,520	478,740,212
	722,375,957	501,631,775

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As at and for the nine-months period ended September 30, 2020 and 2019

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5. Trade and Other Receivables

This account consists of:

	30-Sept.	
	2020	2019
	Unaudited	Unaudited
Trade Receivables		
Installment contract receivables	1,664,963,665	770,335,091
Finance lease receivables	32,807,734	20,531,545
Advances to external marketing manager	60,856,698	60,856,698
Retention Receivables	1,121,255,060	1,108,081,349
Receivables from employees	593,801,777	689,315,287
Contract Assets	70,052,479	-
Other Receivables	237,907,155	6,650,944,490
	3,781,644,569	9,300,064,460
Less: Allowance for impairment losses	359,793,798	430,961,300
	3,421,850,771	8,869,103,160
Non-current		
Trade Receivables		
Installment contract receivables	26,281,462,359	15,662,312,415
Finance lease receivables	688,886,140	502,163,627
Loans Receivables	549,577,883	-
	27,519,926,383	16,164,476,042
	30,941,777,154	25,033,579,202

Eighty-nine percent (89%) of total receivables of the Company are on long-term basis. Current portion of installment contract receivables stands at PhP1,664.96 million which pertains to portion of receivables from buyers due within one (1) year.

6. Inventories

This account consists of:

	30 Sept.	
	2020	2019
	Unaudited	Unaudited
Real estate inventories		
Low-cost mass housing	18,790,281,395	25,255,827,973
Medium-rise condominium units	1,769,371,405	1,761,994,901
High-rise condominium units	15,362,880,040	7,459,719,584
Developed subdivision lots	1,492,009,633	-
	37,414,542,474	34,477,542,458

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7. Investment Securities at FVOCI

This account is composed of unquoted equity securities in the following investee entities as at June 30:

	<u>2020</u>	<u>2019</u>
ALRC	P 1,184,118,055	P 1,320,738,611
ARVI	28,112,000	28,112,000
Pico de Loro	<u>633,500</u>	<u>633,500</u>
	<u>P 1,212,863,555</u>	<u>P 1,349,484,111</u>

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.

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8. Other Assets

This account consists of:

	30-Sept.	
	2020	2019
	Unaudited	Unaudited
Current		
Advances to contractors	3,951,452,476	3,664,558,739
Advances to brokers	47,769,118	32,048,580
Input tax	354,029,392	235,117,516
Advances to landowners	126,814,119	202,799,200
Creditable withholding tax	245,884,171	193,512,159
Prepaid expenses	181,451,714	85,142,720
Others	54,850,993	11,896,083
	4,962,251,983	4,425,074,996
Less: Allowance for impairment losses	55,375,203	55,375,203
	4,906,876,780	4,369,699,793
Non-current		
Deposits	177,920,895	143,748,699
Goodwill	526,474,833	
Software cost	49,364,636	1,492,522
Investment in joint operations	133,450,640	
Right-of-use assets net	4,704,799	
Others	84,538,653	132,377,605
	976,454,457	277,618,827
Less: Allowance for impairment losses	2,511,974	2,511,974
	973,942,483	275,106,853
	5,880,819,263	4,644,806,646

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9. Property and Equipment

This account consists of:

	30-Sep-20 Unaudited								
	Land	Building	Land Improvements	Leasehold Improvements	Furnitures and Fixtures	Machineries and Equipment	Transportation Vehicles	Construction in Progress	Total
Cost									
Balances at beginning of year	107,405,010	610,023,700	10,458,647	31,182,532	127,932,343	115,365,420	142,711,875	27,975,413	1,173,054,940
Additions	-	1,528,556	771,429	1,907,240	6,019,339	6,895,160	5,100,000	-	22,221,722
Transfers/Disposals	-	-	-	-	-	-	-	-	-
Balances at end of year	107,405,010	611,552,256	11,230,076	33,089,771	133,951,682	122,260,580	147,811,875	27,975,413	1,195,276,662
Accumulated Depreciation and Amortization									
Balances at beginning of year	-	65,519,356	10,458,647	-	75,785,835	79,233,865	106,226,011	-	355,618,531
Depreciation and Amortization	-	15,961,527	-	3,234,747	6,521,573	16,303,203	13,977,832	-	55,998,882
Transfers/Disposals	-	-	-	-	-	-	-	-	-
Balances at end of year	-	81,480,882	10,458,647	21,629,564	82,307,408	95,537,068	120,203,843	-	411,617,413
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	530,071,374	771,429	11,460,207	51,644,274	26,723,512	27,608,031	27,975,413	774,689,250

	30-Sep-19 Unaudited								
	Land	Building	Land Improvements	Leasehold Improvements	Furnitures and Fixtures	Machineries and Equipment	Transportation Vehicles	Construction in Progress	Total
Cost									
Balances at beginning of year	107,405,010	609,057,527	10,458,647	28,941,424	106,594,476	73,756,767	139,576,505	19,023,326	1,094,813,682
Additions	-	585,578	-	968,119	16,360,900	15,327,938	8,509,370	550,590	42,302,494
Transfers/Disposals	-	-	-	-	-	-	-	-	-
Balances at end of year	107,405,010	609,643,105	10,458,647	29,909,543	122,955,376	89,084,705	148,085,875	19,573,916	1,137,116,176
Accumulated Depreciation and Amortization									
Balances at beginning of year	-	35,248,780	10,458,647	13,595,946	56,133,109	55,870,079	88,062,971	-	259,369,532
Depreciation and Amortization	-	(4,443,509)	-	3,521,629	14,854,888	6,908,802	14,302,524	-	35,144,335
Transfers/Disposals	-	-	-	-	-	-	-	-	-
Balances at end of year	-	30,805,271	10,458,647	17,117,575	70,987,997	62,778,881	102,365,495	-	294,513,867
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	578,837,834	-	12,791,968	51,967,378	26,305,823	45,720,379	19,573,916	833,632,309

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Philippine Peso)

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(All amounts in US\$)

10. Investment Properties

This account consists of:

	30-Sep-20 Unaudited			
	Land	Building	Land Improvements	Total
Cost				
Balances at beginning of year	245,122,977	9,737,805	101,171,390	356,032,172
Additions	101,442	-	9,133	110,575
Transfers/Reclassification to REI		-		-
Balances at end of year	245,224,419	9,737,805	101,180,523	356,142,747
	245,224,419	9,737,805	101,180,523	
Accumulated Depreciation and Amortization				
Balances at beginning of year	-	4,383,233	38,552,928	42,936,161
Depreciation and Amortization	-	7,119,361	4,507,530	11,626,891
Balances at end of year	-	11,502,594	43,060,458	54,563,052
Net Book Value	245,224,419	(1,764,789)	58,120,065	301,579,695
	30-Sep-19 Unaudited			
	Land	Building	Land Improvements	Total
Cost				
Balances at beginning of year	119,030,686	8,832,630	92,831,377	220,694,693
Additions	632,833	-	351,706	984,539
Transfers/Reclassification to REI		-		-
Balances at end of year	119,663,519	8,832,630	93,183,083	221,679,232
Accumulated Depreciation and Amortization				
Balances at beginning of year	-	3,941,601	32,947,944	36,889,545
Depreciation and Amortization	-	21,600,477	3,955,688	25,556,166
Balances at end of year	-	25,542,079	36,903,632	62,445,710
Net Book Value	119,663,519	(16,709,449)	56,279,451	159,233,522

11. Trade and Other Payables

This account consists of:

	30-Sept.	
	2020	2019
	Unaudited	Unaudited
Current		
Trade and accounts payables	3,424,592,694	1,733,161,072
Accrued expenses	2,542,862,204	1,303,020,723
Interest Payable	195,300,384	116,278,635
Retention payables	536,543,323	660,737,996
Withholding tax payables	174,125,448	215,918,987
Construction bonds	79,763,768	71,681,915
Net output tax	130,764,294	152,584,771
Contract Liabilities	4,991,633	
Deposits	323,732,684	
Others	2,033,043,646	466,178,113
	<u>9,445,720,079</u>	<u>4,719,562,213</u>

8990 HOLDINGS, INC. AND SUBSIDIARIES

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(In Philippine Peso)

Non-current

Pension Liability	12,407,518	3,283,031
Contract Liabilities	858,291,119	-
Retention payables	191,006,930	26,057,512
Lease liabilities	71,259	-
	<u>1,061,776,826</u>	<u>29,340,543</u>
	<u>10,507,496,905</u>	<u>4,748,902,756</u>

12. Loans Payable

This account consists of:

	30-Sept.	
	2020	2019
	Unaudited	Unaudited
Short-term loans payable	14,811,575,998	9,983,281,415
Long-term loans payable	7,208,708,234	11,934,481,800
	<u>22,020,284,232</u>	<u>21,917,763,215</u>

As at and for the nine-months period ended September 30, 2020 and 2019

(In Philippine Peso)

13. Bonds Payable

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 (Php)
Series A - 6.2080% per annum, five-year and three months, due October 16, 2020	-	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
		<u>9,000,000,000</u>

Total transaction costs capitalized upon issuance of the bonds amounted to P122.3 million.

Interest in 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 and C Bonds on the early redemption option dates.

The amount of bonds payable as at September 30, 2020 and 2019 is net of the unamortized discount amounting to P4.32 million and P30.17 million.

14. Deposits from Customers

This account represents down payments 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.

As at and for the nine-months period ended September 30, 2020 and 2019

(In Philippine Peso)

15. *Equity*

- *Capital Stock*

Issued and Outstanding consists of:

	30-Sept	
	2020	2019
	Unaudited	Unaudited
Preferred Stock	50,000,000	50,000,000
Common Stock	5,517,990,720	5,517,990,720
Total Capital Stock	5,567,990,720	5,567,990,720
Treasury Shares, at cost	(1,806,540,154)	(1,066,143,652)
Balance, June 30	3,761,450,566	4,501,847,068

The Parent Company has an authorized capital stock of P7 billion consisting of 6,850,000,000 common shares with P1 par value per common share, 5,000,000,000 voting preferred shares with a par value of P0.01 per voting preferred share and 100 million, cumulative, non-voting, non-participating, non-convertible, redeemable preferred shares with P1 par value per preferred share.

- *Additional Paid-In Capital (APIC)*

As at September 30, 2020 and 2019, the total amount of APIC amounted to P 9,303,641,204 which was the result of the excess proceeds in relation to the issuance of common shares last April 30, 2014 on its primary offer share of which excess amounted to P 4.4 billion over the capital stock. In addition, the APIC further increased to P 9.3 billion as a result of the preferred shares offered last November 8, 2017.

16. Revenue

This account consists of:

	Nine Months Ended Sept. 30	
	2020	2019
	Unaudited	Unaudited
Real estate		
Low-cost mass housing	3,943,244,232	3,021,620,070
Medium-rise condominium units	1,492,015,128	1,688,094,558
High-rise condominium units	4,188,282,749	5,493,725,398
Developed subdivision lots	52,940,000	-
	9,676,482,109	10,203,440,026
Rental income	4,549,204	1,196,000
	9,681,031,313	10,204,636,026
Hotel Operations	56,368,273	303,852,940
	9,737,399,586	10,508,488,966

17. Cost of Sales and Services

This account consists of:

	Nine Months Ended Sept. 30	
	2020	2019
	Unaudited	Unaudited
Real estate		
Low-cost mass housing	2,067,188,192	1,576,979,417
Medium-rise condominium units	770,487,114	870,467,936
High-rise condominium units	1,790,133,440	2,230,323,256
Developed subdivision lots	20,681,096	-
	4,648,489,842	4,677,770,609
Cost of rental services	-	-
	4,648,489,842	4,677,770,609
Hotel operations		
Cost of hotel operations	33,608,362	107,091,006
	4,682,098,204	4,784,861,615

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18. Operating Expenses

This account consists of:

	Nine Months Ended Sept. 30	
	2020	2019
	Unaudited	Unaudited
Marketing and selling	496,311,519	444,127,598
Documentation	281,256,015	279,941,699
Taxes and licenses	209,817,485	260,528,688
Salaries and employee benefits	74,007,912	94,799,951
Management and professional fees	32,950,861	52,698,199
Communication, light and water	42,560,422	36,518,265
Security, messengerial and janitorial	53,741,885	57,904,796
Depreciation and amortization	67,625,774	60,700,500
Transportation and travel	14,120,627	49,827,827
Repairs and maintenance	59,030,132	67,062,773
Entertainment, amusement and representation	17,823,015	50,048,274
Rent	12,493,895	18,485,029
Supplies	10,396,557	12,098,738
Insurance	13,092,672	16,263,566
Subscription dues and fees	9,643,365	7,030,785
Miscellaneous	22,084,236	26,279,624
	1,416,956,372	1,534,316,310

19. Finance Costs

This account consists of:

	Nine Months Ended Sept. 30	
	2020	2019
	Unaudited	Unaudited
Borrowings	832,465,974	694,968,259
Accretion	19,543,739	18,320,223
Bonds	419,904,455	419,904,455
Bank charges	86,768	403,507
	1,272,000,936	1,133,596,443

20. Other Operating Income

This account consists of:

	Nine Months Ended Sept. 30	
	2020	2019
	Unaudited	Unaudited
Interest Income from:		
Installment contract receivables	683,800,859	922,372,432
Cash in banks and long term investment	719,858	57,949
Penalties	29,431,697	45,595,760
Miscellaneous Income	251,539,941	314,987,587
	965,492,356	1,283,013,728

8990 HOLDINGS, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

As at and for the nine-months period ended September 30, 2020 and 2019

21. Related Party Transactions

This account consists of:

30-Sep-20 Unaudited					
Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	1,344,556,872	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	85,928,956	Non-interest bearing, payable on demand	Unsecured
30-Sep-19 Unaudited					
Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	1,136,328,257	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	67,275,375	Non-interest bearing, payable on demand	Unsecured

Financial Highlights and Key Performance Indicators

Table below shows comparative consolidated statements of financial position financial highlights of 8990 Holdings, Inc. for nine months ended September 30, 2020 and 2019, both unaudited.

Consolidated Statement of	As of Sept. 30, 2020	As of Sept. 30, 2019	Increase	
Financial Position	Unaudited	Unaudited	Amount	%
Total Assets	78,477,087,339	68,136,238,279	10,340,849,060	15.18%
Current Assets	47,810,202,853	49,354,305,443	(1,544,102,590)	-3.13%
Trade and other receivables	30,941,777,153	25,033,579,202	5,908,197,952	23.60%
Total Liabilities	43,116,594,617	36,269,093,533	6,847,501,084	18.88%
Current Liabilities	33,384,927,441	15,280,242,119	18,104,685,322	118.48%
Loans Payable	22,020,284,232	21,917,763,215	102,521,017	0.47%
Stockholders' Equity	35,360,492,722	31,867,144,746	3,493,347,976	10.96%
Permitted Liens	7,847,708,734	6,813,623,828	1,034,084,906	15.18%
Loans under Permitted Liens	2,620,244,876	2,222,250,224	397,994,652	17.91%

Table below shows comparative consolidated statements of income financial highlights of 8990 Holdings, Inc. for nine months ended September 30, 2020 and 2019, both unaudited.

Consolidated Statements of Comprehensive Income	As of Sept. 30, 2020	As of Sept. 30, 2019	Increase	
	Unaudited	Unaudited	Amount	%
Revenue	9,737,399,586	10,508,488,966	(771,089,380)	-7.34%
Gross Income	5,055,301,382	5,723,627,350	(668,325,968)	-11.68%
Operating Expenses	1,416,956,372	1,534,316,310	(117,359,938)	-7.65%
Net Operating Income	3,638,345,010	4,189,311,040	(550,966,030)	-13.15%
EBITDA	4,671,463,139	5,533,025,268	(861,562,129)	-15.57%
Net Income Before Tax	3,331,836,430	4,338,728,325	(1,006,891,895)	-23.21%
Net Income After Tax	3,307,738,668	4,208,893,738	(901,155,070)	-21.41%

Tables below show quarter three 2020 key performance indicators of the Company, with relevant comparative figures.

Key Performance Indicators	As of Sept. 30, 2020 Unaudited	As of Sept. 30, 2019 Unaudited	Bond Covenant
Current Ratio	1.43	3.24	minimum 1.0
Book Value Per Share	6.55	5.85	
Debt to Equity Ratio	1.22	1.14	
Net Debt to Equity Ratio	0.86	0.95	maximum 1.5
Asset to Equity Ratio	2.22	2.14	
Asset to Debt Ratio	1.82	1.88	
Debt Service Ratio	1.93	2.08	minimum 1.25
Interest Coverage Ratio	3.62	4.83	

Key Performance Indicators	As of Sept. 30, 2020 Unaudited	As of Sept. 30, 2019 Unaudited
Gross Margin	51.92%	54.47%
EBITDA Margin	47.97%	52.65%
Net Income Margin	33.97%	40.05%
Earnings per share	0.61	0.77

22. Other Matter

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.

Currently, management is preparing for the Group's maturing obligations. To better manage the situations, management has made a baseline assessment of the Group's ability to weather the impact of the crisis and determined that the impact on the Group is likely insignificant based and manageable.

The following are the highlights of the analysis:

- Starting Quarter 3,,operations started to normalize and sales rebounded. The company delivered 3,083 units from its affordable housing projects across the country in the third quarter, nearly 6 months' worth of homes sold from January to June. This shows the resilience of the affordable housing sector and affirms that demands for the ever-growing housing backlog is not hampered by the pandemic.
- 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 and sale of its receivables to financial institutions.
- 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.

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 18.3). As at the same date, the Parent Company has

already repurchased 126.6 million of its shares, which amounts to P1,806.5 million.

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.

Item 2. Management Discussions and Analysis

Financial Highlights and Key Performance Indicators

Table below shows comparative consolidated balance sheet financial highlights of 8990 Holdings, Inc. for nine months ended September 30, 2020 and 2019, both unaudited.

Consolidated Balance Sheet	As of September 30. 2020	As of September 30. 2019	Increase	
	Unaudited	Audited	Amount	%
Total Assets	78,593,204,219	68,136,238,279	10,456,965,940	15.35%
Current Assets	47,810,202,853	49,354,305,443	(1,544,102,590)	-3.13%
Trade Receivables	30,783,001,365	25,033,579,202	5,749,422,163	22.97%
Total Liabilities	43,232,711,497	36,269,093,533	6,963,617,964	19.20%
Current Liabilities	33,384,927,441	15,280,242,119	18,104,685,322	118.48%
Loans Payable	22,020,284,232	21,917,763,215	102,521,017	0.47%
Stockholder's Equity	35,360,492,722	31,867,144,746	3,493,347,976	10.96%
Permitted Liens	7,859,320,422	6,813,623,828	1,045,696,594	15.35%
Loans under Permitted Liens	2,620,244,876	2,222,250,224	397,994,652	17.91%

Table below shows comparative consolidated statement of income financial highlights of 8990 Holdings, Inc. for nine months ended September 30, 2020 and 2019, both unaudited.

Consolidated Statements of Income	As of September 30. 2020	As of September 30. 2019	Increase	
	Unaudited	Audited	Amount	%
Revenue	9,737,399,586	10,508,488,966	(771,089,380)	-7.34%
Gross Income	5,055,301,382	5,723,627,350	(668,325,968)	-11.68%
Operating Expenses	1,416,956,372	1,534,316,310	(117,359,938)	-7.65%
Net Operating Income	3,638,345,010	4,189,311,040	(550,966,030)	-13.15%
EBITDA	4,671,463,139	5,533,025,268	(861,562,129)	-15.57%
Net Income Before Tax	3,331,836,430	4,338,728,325	(1,006,891,895)	-23.21%
Net Income After Tax	3,307,738,668	4,208,893,738	(901,155,070)	-21.41%

Tables below show quarter three 2020 key performance indicators of the Company, with relevant comparative figures.

Key Performance Indicators	As of September 30. 2020	As of September 30. 2019	Bond Covenant
	Unaudited	Unaudited	
Current Ratio	1.43	3.23	minimum 1.0
Book Value Per Share	6.56	5.86	
Debt to Equity Ratio	1.22	1.14	
Net Debt to Equity Ratio	0.86	0.95	maximum 1.5
Asset to Equity Ratio	2.22	2.14	
Asset to Debt Ratio	1.82	1.88	
Debt Service Ratio	1.93	2.08	minimum 1.25
Interest Coverage Ratio	4.37	6.03	

Key Performance Indicators	As of September 30. 2020 Unaudited	As of September 30. 2019 Unaudited
Gross Margin	51.92%	54.47%
EBITDA Margin	47.97%	52.65%
Net Income Margin	33.97%	40.05%
Earnings per share	0.61	0.77

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 and medium-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 medium-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

Nine months ended September 30, 2020 compared to nine months ended September 30, 2019

Revenue

For the nine months ended September 30, 2020, the Company recorded consolidated revenue of Php9,737.4 million, a decrease from consolidated revenue of Php10,508.5 million recorded for the nine months ended September 30, 2019. The decrease was mainly attributable by the restrictions on construction imposed because of the pandemic which has decreased production. Sales still exceeded Php9 billion levels since there were sizeable level of ready for occupancy units available by the end of 2019.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the nine months ended September 30, 2020 was Php4,648.5 million, a decrease from consolidated cost of sales and services of Php4,784.9 million recorded for the nine months ended September 30, 2019. The decrease was mainly attributable to the decrease in sales recorded for the period.

Gross Income

The Company's consolidated gross income for the nine months ended September 30, 2020 was Php5,055.3 million, a decrease from consolidated gross income of Php5,723.6 million recorded for the nine months ended September 30, 2019. The Company's gross income margin for the nine months ended September 30, 2020 was 51.9%, compared to a gross income margin of 54.5% recorded for the nine months ended September 30, 2019. The Company attributes its strong 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 nine months ended September 30, 2020, the Company recorded consolidated operating expenses of Php1,417.0 million, a decrease of 7.7% from consolidated operating expenses of Php1,534.3 million recorded for the nine months ended September 30, 2019.

Finance Costs

The Company's consolidated finance costs for the nine months ended September 30, 2020 were Php1,272.0 million, an increase from consolidated finance costs of Php1,133.6 million recorded for the nine months ended September 30, 2019. The increase was mainly attributable to increase interest charged brought about by increased borrowings compared to same period last year.

Other Operating Income

For the nine months ended September 30, 2020, the Company recorded consolidated other income of Php965.5 million, a decrease from the consolidated other income of Php1,283.0 million recorded for the nine months ended September 30, 2019. Interest income on the Company's installment contract receivables under its CTS Gold program

contributes to the majority of the other income. The decrease was due to decreased collection on the CTS Gold program as the government imposed moratorium on installment payments under the Bayanihan to Heal as One Act 1 and 2.

Income before Income Tax

The Company's consolidated income before income tax for the nine months ended September 30, 2020 was Php3,331.8 million, a decrease from consolidated income before income tax of Php4,338.7 million recorded for the nine months ended September 30, 2019. The decrease in consolidated income before income tax was a result from the restrictions on construction due to the pandemic which decreased production.

Provision for Income Tax

The Company's consolidated provision for income tax for the nine months ended September 30, 2020 was Php24.1 million, a decrease from consolidated provision for income tax of Php129.8 million recorded for the nine months ended September 30, 2019. The decrease was mainly attributable to the Company's decreased collections which is the basis for the income tax due.

Net Income

As a result of the foregoing, the Company's consolidated net income for the nine months ended September 30, 2020 was Php3,307.7 million, a 21% decrease from consolidated net income of Php4,208.9 million recorded for the nine months ended September 30, 2019. The Company's consolidated net income margin for the nine months ended September 30, 2020 was 33.9% compared to a consolidated net income margin of 40.1% for the nine months ended September 30, 2019.

Financial Position

As at September 30, 2020 compared to as at September 30, 2019

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were Php722.4 million as at September 30, 2020, an increase of 44.0% from consolidated cash on hand and in banks of Php501.6 million as at September 30, 2019.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were Php3,421.9 million as at September 30, 2020, a decrease from consolidated current portion of trade and other receivables of Php8,869.1 million as at September 30, 2019.

Inventories

The Company's consolidated inventories were Php37,414.5 million as at September 30, 2020, an increase of 8.5% from consolidated inventories of Php34,477.5 million as at September 30, 2019. The increase is due to increased inventory for medium-rise and high-rise building projects, and developed subdivision lots of the Company.

Due from related parties

The Company's consolidated due from related parties were Php1,344.6 million as at September 30, 2020, an increase from consolidated due from related parties of Php 1,136.3 million as at September 30, 2019.

Other current assets

The Company's consolidated other current assets were Php4,906.9 million as at September 30, 2020, an increase from consolidated other current assets of Php4,369.7 million as at September 30, 2019, 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 Php27,519.9 million as at September 30, 2020, a 70.2% increase from consolidated trade and other receivables - net of current portion of Php16,164.5 million as at September 30, 2019. The increase was due to additional sales which availed of in-house financing scheme.

Property and equipment

The Company's consolidated property and equipment was Php774.7 million as at September 30, 2020, a decrease from consolidated property and equipment of Php833.6 million as at September 30, 2019.

Investment properties

The Company's consolidated investment property were Php301.6 million as at September 30, 2020, an increase from consolidated investment property of Php159.2 million as at September 30, 2019.

Other noncurrent assets

The Company's other noncurrent assets were Php447.5 million as at September 30, 2020, an increase from other noncurrent assets of Php275.1 million as at September 30, 2019.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were Php9,445.7 million as at September 30, 2020, an increase from consolidated current portion of trade and other payables of Php4,719.6 million as at September 30, 2019. 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 relations to recognition of sales.

Current portion of loans payable

The Company's consolidated current portion of loans payable were Php14,811.6 million as at September 30, 2020, an increase from consolidated current portion of loans payable of Php9,983.3 million as at September 30, 2019. The increase was due to increase short-term borrowing of the Company.

Deposits from customers

The Company's consolidated deposits from customers were Php532.6 million as at September 30, 2020, an increase from consolidated deposits from customers of Php433.2 million as at September 30, 2019. Increase were due to increased equity collections from urban Deca Homes Ortigas project.

Due to related parties

The Company's consolidated due to related parties were Php85.9 million as at September 30, 2020, an increase from consolidated due to related parties of Php67.3 million as at September 30, 2019.

Income tax payable

The Company's consolidated income tax payable was Php106.million as at September 30, 2020, an increase from consolidated income tax payable of Php76.9 million as at September 30, 2019.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables – net of current portion were Php1,061.8 million as at September 30, 2020, an increase from consolidated trade and other payables – net of current portion of Php 29.3 million as at September 30, 2019. The increase is due to recognition of contract liabilities amounting to Php858.3 million in relation to sold but uncompleted units for Monterazzas de Cebu project by Genvi Development Corporation and Urban Deca Homes Ortigas by 8990 Housing Development Corporation.

Loans payable - net of current portion

The Company's consolidated loans payable - net of current portion was Php7,018.3 million as at September 30, 2020, a decrease from consolidated loans payable - net of current portion of Php10,676.3 million as at September 30, 2019.

Deferred tax liability

The Company's consolidated deferred tax liability was Php986.1 million as at September 30, 2020, an increase from consolidated deferred tax liability of Php55.2 million as at September 30, 2019. This deferred tax liability was attributable to uncollected revenue as most of the revenue recognition were under 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 and MRB condominium units. The Company's consolidated net cash used in operating activities were Php2,414.4 million for the period ended September 30, 2020 and consolidated net cash used in operating activities were Php6,508.1 million for the period ended September 30, 2019.

Cash flows used in investing activities

Consolidated net cash flow used in investing activities for the period ended September 30, 2020 were Php22.3 million, and consolidated net cash used in investing activities for the period ended September 30, 2019 were Php43.3 million.

For the nine months ended September 30, 2020, consolidated net cash flow used in investing activities reflected purchase of property and equipment and investment properties.

Cash flow provided by financing activities

Consolidated net cash flow provided by financing activities for the period ended September 30, 2020 were Php2,305.2 million, and consolidated net cash flow provided by financing activities for the period ended September 30, 2019 were Php4,909.4 million.

ISSUER

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