

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

- For the fiscal year ended **December 31, 2020 (Full Year)**
- Commission identification number. **CS 2005 11 816**
- BIR Tax Identification No **239-508-223-000**
- Exact name of issuer as specified in its charter **8990 HOLDINGS, INC.**
- Province, country or other jurisdiction of in Company or organization : **Metro Manila, Philippines**
- Industry Classification Code (SEC Use Only)
- 11F Liberty Center, 104 HV Dela Costa, Salcedo Village, Makati City, 1200 Philippines**
Address of issuer's principal office Postal Code
- Issuer's telephone number, including area code **(632) 4789659/5333915/5333917**
- Former name, former address and former fiscal year, if changed since last report **N/A**
- Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	5,517,990,720
Fixed Rate Bonds	594,410,000
Preferred Shares	87,000,000

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

Yes [☒] No [☐]

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

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

Name of Stock Exchange: Philippine Stock Exchange
Class of Securities Listed: Preferred Shares

- Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

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

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

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

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

Yes ☐ No ☐ (N/A)

DOCUMENTS INCORPORATED BY REFERENCE

- If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the documents is incorporated:
 - (a) Any annual report to security holders; (N/A)
 - (b) Any information statement filed pursuant to SRC Rule; (N/A)
 - (c) Any prospectus filed pursuant to SRC Rule 8.1. (N/A)

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Business Development

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

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

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

In addition to horizontal Mass Housing subdivision projects, the Company also develops MRB condominium projects. The Company’s first MRB Mass Housing project started in Cebu in 2012. Similar MRB projects in Metro Manila started in 2015. The Company plans to develop other MRB projects in other urban areas.

The Company has ventured into high-rise condominium projects in the highest density urban areas of Metro Manila. The buildings are intended to be situated in dense urban neighborhoods with easy access to major transportation routes/facilities and within easy distance of major white-collar employment centers (i.e., central business districts). Making use of the “Micro Living” concept, Urban DECA Towers is envisioned to provide weekday accommodation for low- to mid-income commuters who typically have a two- to four-hour daily commute between their places of work and homes in the outlying neighborhoods of Metro Manila, resulting in savings in transportation time and costs that would accrue to the condominium unit residents.

In 2018, 2019, and 2020, the Company recorded consolidated revenues amounting to ₱11,525.6 million, ₱15,400.5 million, and ₱14,233.5 million, respectively, with resulting net income of ₱4,810.4 million, ₱5,862.8 million, and ₱4,831.9 million, respectively.

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 on March 2017 by Q Asia’s Seal of Product and Quality Service, Top 10 Developers in the Philippines in 2016 & 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 December 31, 2020, the Company has completed 58

Mass Housing projects and is developing another 20 Mass Housing, MRB and high-rise projects. Across these completed and ongoing projects, the Company has, since 2003, delivered 74,674 units, with approximately 49,000 additional units available for development and sale from ongoing projects. The Company also has an identified pipeline of three (3) projects which commenced in 2020 and which in total are expected to provide approximately 11,500 units available for sale. Licenses to Sell of the two out of the three projects for launching have been secured, to date.

The Company believes that 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 of 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 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. However, due to the restrictions implemented during the Pandemic, the company recorded a collection efficiency of 83% in 2020. Moreover, the Company believes that, in part, as a result of its collection processes, of the customer accounts which become delinquent, approximately half become active again within three months of default. For the remaining half of the delinquencies that ultimately result in default, the Company is able to regain possession and typically resell the property in due time.

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

The Company has continually invested in innovation to update its building processes and minimize wasted materials while at the same time maintaining the quality of its products and rapid completion of housing units. To this end, the Company has developed its own unique building system that makes use of a pre-cast construction process, enabling the Company to construct and complete housing units and MRBs in a cost- and time-efficient manner without compromising the quality and standards of the housing units being turned over to its customers. The utilization of this pre-cast construction process on-site, as opposed to traditional building methods, likewise results in significant cost reduction for the Company, particularly on labor costs. The Company believes that these factors help it to achieve and maintain healthy profit margins. Since pre-cast is manufactured in a controlled casting environment, it is easier to control the mix, placement, and curing; hence, quality can be monitored easily and wastage, typically a large cost for those still utilizing traditional construction methods, is significantly reduced. The Company sources cement from the largest cement manufacturers, which it then blends in-house, together with other additives in specific proportions, to create its proprietary concrete blend. This concrete mix has a faster curing time than standard concrete mixes, which allows for faster setting of pre-cast molds, resulting in panels that can withstand approximately four times as much pressure per square inch than traditional cinder block structures. For instance, the recent 7.2 magnitude earthquake, which affected Cebu and Bohol tested the structural strength and quality of the Company's projects in the area. The Company commissioned an independent structural engineer to inspect the units in its affected projects and the inspection indicated that there was only minor superficial damage and that the units remained structurally stable and fit for occupancy. Through the use of this process, the Company is able to construct townhouses and single attached units in just eight to 10 days with an additional five days for single-storey houses with lofts.

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

Strong relationships with key housing and shelter agencies.

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

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

Experienced management team with extensive expertise in Mass Housing development.

The Company prides itself in having an experienced management team under the leadership of Mr. Luis Yu, Jr. (Chairman Emeritus and Founder) 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 thoroughfares in cities, and also seeks to locate suitable project sites near developing business centers and high growth communities across the Philippines.

Continue to diversify into new product types.

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

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

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

The 8990 Group

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

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

Subsidiaries

The following table presents certain information regarding the Company’s Subsidiaries as of December 31, 2020.

Subsidiary	Country of incorporation	Company’s Ownership Interest
8990 Housing	Philippines	100%
8990 Luzon	Philippines	100%
8990 Mindanao.....	Philippines	100%
8990 Davao	Philippines	100%
8990 Leisure	Philippines	100%
Fog Horn.	Philippines	100%

8990 Housing

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

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 ever 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 structure 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 RFC Coastal Estates, Inc. to 8990 Coastal Estates, Inc. The application for the change in name was approved by the SEC and the Bureau of Internal Revenue (BIR) on January 30, 2019 and December 19, 2019, respectively. The Company has not started commercial operations and has a property located in Mactan, Cebu.

Primex Land, Inc.

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

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 3rd Floor PGMC Bldg., 76 Calbayog St. corner Libertad St., Mandaluyong City.

Bankruptcy, Receivership and Similar Proceedings

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

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

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

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

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

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

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/controllers of the Company (i.e. Iholdings, Inc. and Kwantlen Development Corporation, as well as their respective controlling shareholders) will not participate in the Share Buyback Program; [e] The Share Buyback Program will be implemented in the open market through the trading facilities of the Philippine Stock Exchange; [f] the Company shall repurchase shares using cash and book them as treasury shares; [g] The share buyback program will be implemented in an orderly manner and will not (and should not) affect any of the Company's prospective and existing projects and investments; [h] any share buyback implemented shall take into account the need to maintain the liquidity of the Company's stock in the market, as well as public ownership requirements; [i] any significant development in the Share Buyback Program will be duly disclosed to the Securities and Exchange Commission and the Philippine Stock Exchange. The purpose for the Share Buyback

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

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

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

Business of Issuer

Business segments of the 8990 Group are as follows:

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

Construction of low-cost mass housing

Under brand name DECA Homes, The Company's residential subdivisions are located in Cebu, Iloilo, Davao, Pampanga and Cavite. This is the main business segment of the 8990 Group with widest reach and highest revenue contrition. About forty three percent (42%) of revenues in 2020 were from low-cost mass housing business segments. Refer to Note 21 of the 2020 Audited Consolidated Financial Statements for details.

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

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

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

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

As of December 31, 2020, the Company has completed 53 horizontal residential subdivisions comprising approximately 53,000 units.

Construction of medium-rise condominium units

The Company also develops low-cost residential complexes of MRBs under the Urban DECA Homes brand. An MRB is a walk-up building of four to five stories or an elevator-quipped building of eight to 12 stories. These MRBs are located in central areas of highly urban locations (i.e. Metro Manila, Metro Cebu, Davao) within walking distance of major public transportation routes. The Company developed its first MRB Mass Housing project in Mandaue City in the province of Cebu. The Company has also developed MRB projects in Cavite, Sucat, and Muntinlupa. Other 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 December 31, 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.

Construction of high-rise condominium units

The Company has ventured into high-rise condominium projects under the brand Urban DECA Towers in the highest density urban areas of Metro Manila. This concept involves the construction and sale of condominium units that are half the size (approximately 13 sq. m.) of typical studio apartments. A unit would have a bathroom and a combination sleeping/living/dining area suited for occupancy by a single person or a couple. Each unit would cost around ₱1,000,000, which equates to initial monthly amortization payments of around ₱8,000 under the Company's CTS financing product (with typical 25-year term, 9.5% annual interest rate subject to adjustment after fifth year). The lower floors of the building would contain common areas (i.e. gym, living-room style lobby, function rooms, etc.) and commercial shopping/dining areas. The buildings are intended be situated in dense urban neighborhoods with easy access to major transportation routes/facilities and within easy distance of major white-collar employment centers (i.e., central business districts).

Making use of the "Micro Living" concept, Urban DECA Towers is envisioned to provide weekday accommodation for low- to mid-income commuters who typically have a two- to four-hour daily commute and spend up to ₱5,000 each month in transportation costs traveling between their places of work and homes in the outlying neighborhoods of Metro Manila. Key to the success of this concept is the ₱8,000 per month or lower amortization price point that has proven to work with the Company's low- to mid-income customers, coupled with the savings in transportation time and costs that would accrue to the condominium unit buyers.

In 2016, Urban Deca Homes Manila, a 13-storey condominium building, was launched. Unlike Urban Deca Tower, 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

The tables below summarize the status of the various new and ongoing projects the Company has under its various Subsidiaries as of December 31, 2020:

	Project Name	Company	Type	Completion Year	No. Of Units	Units Sold
I. Completed Projects						
North Luzon						
1	Savannah Greenplains Subdivision	Fog Horn, Inc.	Horizontal	2015	670	670
2	Savannah Greenplains Subdivision 2	Fog Horn, Inc.	Horizontal	2015	670	670
3	Savannah Greenplains Subdivision 3	Fog Horn, Inc.	Horizontal	2015	1,346	1,346
4	Deca Homes Marilao	8990 Housing	Horizontal	2019	822	822
South Luzon						
5	Bella Vista Subdivision	8990 Luzon	Horizontal	2015	3,844	3,844
6	Deca Homes Tanza	8990 Housing	Horizontal	2016	631	631
7	Deca Homes Marseilles	8990 Housing	Horizontal	2015	466	466
Metro Manila						
8	Urban Deca Towers EDSA	Fog Horn, Inc.	HRB	2017	1,142	987
9	Urban Deca Homes Campville	8990 Housing	MRB	2017	1,024	1,024
Cebu						
10	Urban Deca Homes Tipolo	Fog Horn, Inc.	MRB	2014	1,540	1,540
11	Deca Homes Baywalk Talisay 1	8990 Housing	Horizontal	2013	1,039	1,039
12	Deca Homes Baywalk Talisay 2	8990 Housing	Horizontal	2014	881	881
13	Deca Homes Baywalk Talisay 3	8990 Housing	Horizontal	2018	570	570
14	Urban Deca Homes Tisa	8990 Housing	MRB	2016	936	936
15	Urban Deca Homes H. Cortez	8990 Housing	MRB	2018	1,400	1,400
16	Deca Homes Bacayan	8990 Housing	Horizontal	2007	224	224
17	Deca Homes Danao	8990 Housing	Horizontal	2009	880	880
18	Deca Homes Mactan 1	8990 Housing	Horizontal	2008	679	679
19	Deca Homes Mactan 2	8990 Housing	Horizontal	2009	150	150
20	Deca Homes Mactan 3	8990 Housing	Horizontal	2011	473	473
21	Deca Homes Mactan 4	8990 Housing	Horizontal	2013	1,248	1,248
22	Deca Homes Mactan 5	8990 Housing	Horizontal	2013	1,196	1,196

23	Deca Homes Mandaue Prime	8990 Housing	Horizontal	2013	912	912
24	Deca Homes Minglanilla 1	8990 Housing	Horizontal	2012	187	187
25	Deca Homes Minglanilla 2	8990 Housing	Horizontal	2012	611	611
26	Deca Homes Minglanilla 3	8990 Housing	Horizontal	2012	825	825
27	Deca Homes Minglanilla 4	8990 Housing	Horizontal	2012	329	329
28	Deca Homes Minglanilla 5	8990 Housing	Horizontal	2012	25	25
29	Deca Homes Minglanilla 6	8990 Housing	Horizontal	2012	56	56
30	Deca Homes Tunghaan	8990 Housing	Horizontal	2009	381	381
Iloilo						
31	Deca Homes Pavia 1	8990 Housing	Horizontal	2012	976	976
32	Deca Homes Pavia 2	8990 Housing	Horizontal	2013	884	884
33	Deca Homes Pavia Resort Residences	8990 Housing	Horizontal	2020	2,118	2,118
Davao						
34	Deca Homes Indangan 1	8990 Housing	Horizontal	2016	544	544
35	Deca Homes Indangan 2	8990 Housing	Horizontal	2017	1,329	1,329
36	Deca Homes Indangan 3	8990 Housing	Horizontal	2017	1,369	1,369
37	Deca Homes Indangan 4	8990 Housing	Horizontal	2017		
38	Deca Homes Catalunan Grande	8990 Housing	Horizontal	2016	649	649
39	Deca Homes Mulig (Socialized)	8990 Housing	Horizontal	2019	304	304
40	Deca Homes Davao	8990 Housing	Horizontal	2011	1,696	1,696
41	Deca Homes Esperanza	8990 Housing	Horizontal	2015	2,072	2,072
42	Deca Homes Resort Residences 1	8990 Housing	Horizontal	2015	2,993	2,993
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
50	Deca Homes Resort Residences 8B	8990 Housing	Horizontal	2015	419	419
51	Deca Homes Resort Residences 8C	8990 Housing	Horizontal	2015	638	638
52	Deca Homes Resort Residences 9	8990 Housing	Horizontal	2015	1,341	1,341
53	Deca Homes Resort Residences 10	8990 Housing	Horizontal	2015	534	534
54	Deca Homes Resort Residences 11	8990 Housing	Horizontal	2015	95	95
55	Deca Homes Resort Residences 12	8990 Housing	Horizontal	2015	208	208

56	Deca Homes Resort Residences Prime	8990 Housing	Horizontal	2015	217	217
57	Deca Homes Resort Residences Executive	8990 Housing	Horizontal	2015	421	421
58	Deca Homes Mulig (Economic)	8990 Housing	Horizontal	2020	1,590	1,590
General Santos						
59	Deca Homes Gensan (economic)	8990 Housing	Horizontal	2017	243	243
Project Name		Company	Type	Completion Year	% Completion BLG	% Comp. Land Devt
III. For Launching						
Metro Manila						
1	Urban Deca Tower Cubao	8990 Housing	HRB	2024	5%	100%
Cebu						
2	Urban Deca Tower Banilad	8990 Housing	HRB	2023	18%	2%
Iloilo						
3	Deca Homes Leganes	8990 Housing	Horizontal	2025	4%	35%

Project Name		Company	Type	Completion Year	% Completion Building	% Comp. Land Development	Units Delivered
North Luzon							
1	Deca Clark Resort Residences	8990 Luzon	Horizontal	2021	99%	98%	5,064
2	Deca Clark Resort Residences 12	8990 Luzon	Horizontal	2020	100%	93%	210
3	Urban Deca Homes Marilao	8990 Housing	MRB	2024	37%	81%	1,229
4	Deca Homes Marilao Extension	8990 Housing	Horizontal	2020	100%	100%	182
5	Deca Homes Meycauyan	Primex Land, Inc.	Horizontal	2023	4%	45%	173
South Luzon							
6	Urban Deca Homes Hampton	8990 Housing	MRB	2021	91%	89%	1,978
7	Urban Deca Homes Mahogany	8990 Housing	MRB	2020	96%	67%	363
Metro Manila							
8	Urban Deca Homes Manila	Tondo Holdings	HRB	2021	85%	95%	9,477
9	Urban Deca Homes Ortigas	8990 Housing	HRB	2024	23%	68%	-
Cebu							
10	Urban Deca Homes Tisa 2	8990 Housing	MRB	2023	62%	81%	822
11	Monterazzas de Cebu	Genvi Development Corp	Horizontal	2021	n/a	79%	209
Iloilo							

12	Deca Homes Pavia Resort Residences 2	8990 Housing	Horizontal	2020	89%	96%	2,433
13	Deca Homes Sta Barbara (Economic)	8990 Housing	Horizontal	2021	75%	78%	723
14	Deca Homes Sta Barbara (Socialized)	8990 Housing	Horizontal	2028	11%	57%	951
Bacolod							
15	Deca Homes South of Bacolod (Economic)	8990 Housing	Horizontal	2022	79%	65%	2,325
Leyte							
16	Deca Homes Ormoc (Economic)	8990 Housing	Horizontal	2022	45%	84%	166
Davao							
17	Deca Homes Talomo	8990 Housing	Horizontal	2026	12%	30%	719
General Santos							
18	Deca Homes Gensan (socialized)	8990 Housing	Horizontal	2021	99%	94%	1,797

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 ₱1.39 billion worth of receivables to Pag-IBIG in 2019 and 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-House Financing to homebuyers.

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

Other Receivables Management Options

In addition to its receivables take-up arrangements with institutions such as Pag-IBIG, the Company also regularly adopts other measures to manage its level of receivables from its housing sales, as well as to generate cash necessary for operations. For example, from time to time, the Company enters into loan arrangements with banks against its receivables portfolio as collateral, or enters into agreements for the sale of its receivables to banks and other financial institutions on a non-recourse basis. The Company has begun to explore possible securitization transactions with respect to its receivables portfolio. The success of any of these receivables management measures, depending on the amount involved in 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), Nine (9) are supervisors in charge of North Luzon, South Luzon, Cebu/Ormoc, Iloilo/Bacolod, and Davao/Gensan, while Fifty-Seven (59) are employees functioning as remittance officers, frontline customer service officers and site collection officers. The team is supported contractual employee who serves as collection officer in the various projects nationwide. These collection officer ensure enforcement of the Company's credit and collection policies. In addition, the services of nine (9) law firms have been retained by the Company to handle the legal side of collection, including the sending of demand letters, notices of cancellation and the eventual eviction of the delinquent borrower.

Submission of Check Payments

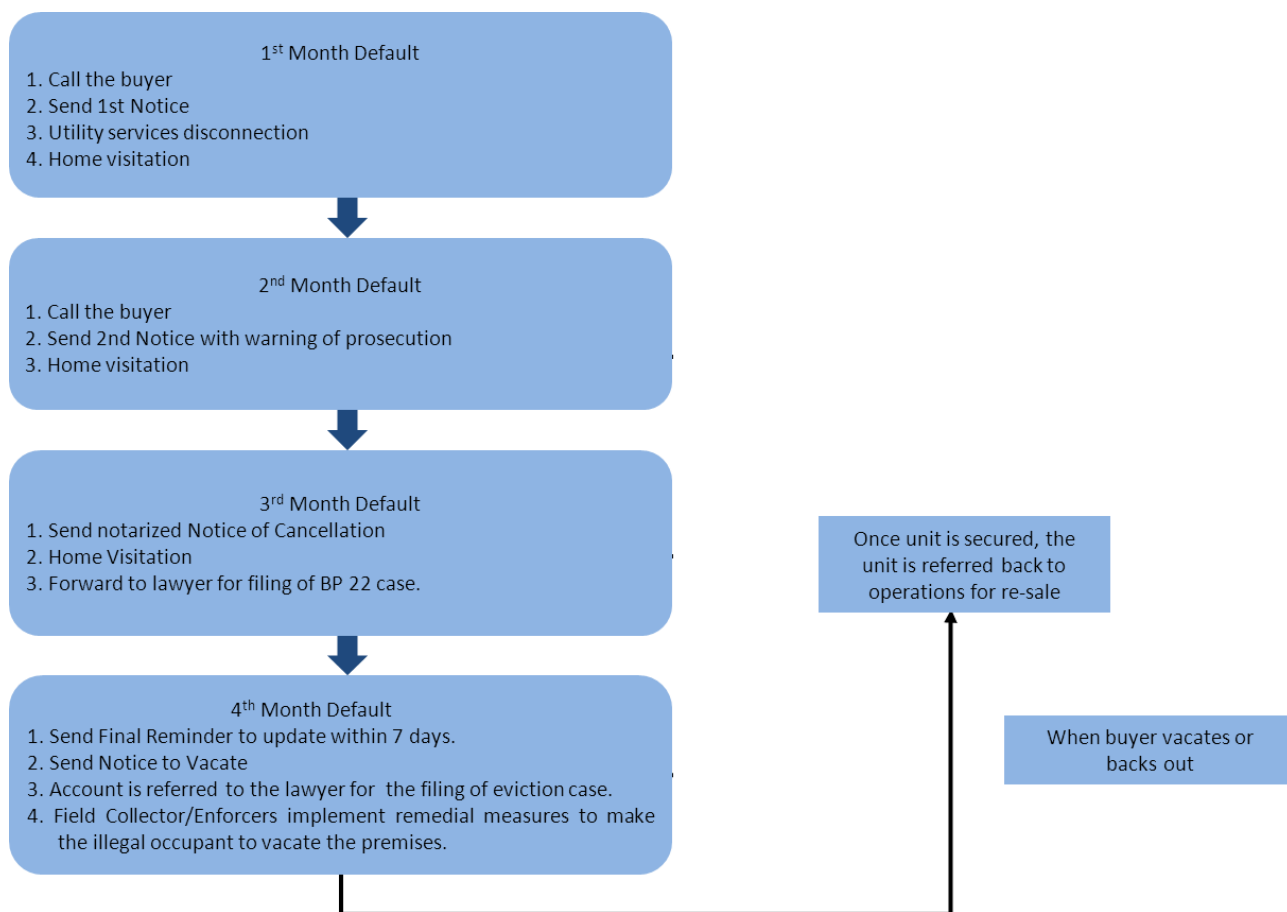
Potential homebuyers of the Company's housing units are required to submit twenty-five (25) post-dated checks. The first twenty-four (24) checks are equivalent to the first twenty-four (24) monthly amortization payments while the 25th check represents the outstanding principal balance as of the 25th 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 PhP200 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, are 92% in 2019 and 83% as of December 31, 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 (1) 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 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 marketing teams are compensated through commission fees and are provided some administrative support by the Company. The Company trains its marketing teams monthly on topics including new Company policies, product information and terms and conditions of sale.

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

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

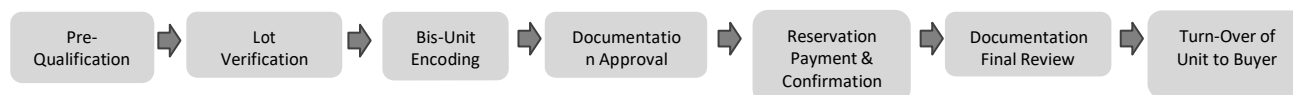
- Cash Discounts. The Company gives discounts upon full payment of the required down payment and is based on the total contract price of the house and lot package (which price ranges from PhP450,000 to PhP1.25 million). Cash discount as follows:

Down Payment Fully Paid Within	Cash Discount
7 Days	3%

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

CTS Gold Sales Process

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



- Pre-Qualification – The buyer provides basic requirements such as valid identification, proof of income (pay slips, certificate of employment and compensation, bank statements, income tax return, etc.), signed loan documents and complete post-dated checks.
- Lot Verification – The availability of the unit is verified.
- BIS-Unit Encoding – A unit manager assigns and encodes the buyer’s identification into its system to avoid double reservation.
- Documentation Approval – A documentation manager submits the buyer’s information folder to a documentation account officer. The account officer verifies and screens the documents provided by the borrower. Physical appearance of the buyer is required to verify accuracy of all information provided. Incomplete documentation folders are sent back to the documentation manager for re-evaluation.
- Reservation Payment and Confirmation – Reservation payment is paid for by the buyer and documented by an account officer.
- Documentation Final Review – The documents are sent to a documentation manager for final review.
- Turn-Over of Unit to Buyer – Take-out occurs only when construction of the unit is complete and the buyer accepts the unit. Attendance to a buyer orientation is required which will cover documentation, credit and legal obligation, construction and technical discussion.

Suppliers

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

The Company maintains relationships with over 200 suppliers. For the year ended December 31, 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
Steelasia 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 of the society. The Company's target market consists of buyers who are gainfully employed (such as government employees, business processing operations (BPO) employees, manufacturing workers, etc.). 75% of the horizontal unit buyers and 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 December 31, 2020:

Demographic	Subdivision	Condominium
Young:	87%	85%
20 to 35 Years Old	51%	54%
36 to 45 Years Old	36%	31%
College-Educated and Licensed Professionals	83%	88%
Gainfully Employed:	100%	100%
Office Workers	45%	65%
OFW	25%	12%
BPO	8%	11%
Minimum ₱26,000 Gross Family Income	45%	18%
Primary Residence Purpose	94%	79%

Customer Service and Warranties

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

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

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

Competition

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

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

Employees

As of the date of this report, the Company has a total of four hundred fourteen (492) employees. This is broken down as follows:

Function	Number of Employees
Managers	63
Accounting/Finance Staff	67
Conversion Staff	35
Credit & Collection Staff	68
Documentation Staff	93
HR/Admin Staff	43
MIS	14
Planning/Engineering Staff	59
Audit Staff	4
Pre-Documentation Staff	15
Treasury	4
Records Management	9
Materials & Procurement	7
Condo Corp/HOA	4
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Furthermore, to date, there is no existing collective bargaining agreement between the Company and its employees, and the Company's employees are not part of any labor union. The Company has not experienced any disruptive labor disputes, strikes or threats of strikes, and management believes that the Company's relationship with its employee in general is satisfactory. The Company complies with minimum compensation and benefits standards as well as all other applicable labor and employment regulations.

Intellectual Property

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

Health, Safety and Environment

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

Insurance

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

Legal Proceedings

As of December 31, 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.

Risks Relating to the Companies Business

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

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 OFs. Historically, the Philippines has periodically experienced economic downturns. For example, the general slowdown of the global economy in 2008 and 2009 had a negative effect on the Philippine economy, which in turn had a negative effect on the Philippine property market as property sales declined.

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

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

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

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

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

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

In addition, in instances where various customer receivables have been given as collateral for the Company's financing arrangements with banks or in instances where sales of receivables are made with recourse to the Company, a default in these receivables would require the Company to either pay down the corresponding balance on the loan, or replace the defaulting receivable with another from its portfolio. There can be no guarantee that the Company will not be asked to pay cash for these defaulting obligations in the future. In

such an event, the defaulting receivable would also be assigned back to the Company, and there can also be no guarantee that the Company will be able to resell the mass housing unit underlying the receivable easily or at all. If the number of and amount involved in any defaults are significant, the Company's financial position and liquidity may be adversely affected.

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

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

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

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

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

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

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

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

The Company adopts various measures to manage its liquidity risk. For example, the Company developed a comprehensive collection platform comprising policies, structures, systems, organizations and mechanisms focused on collection efficiency and the migration of payment delinquency. Also, the Company enters into take-up arrangements with institutions such as Pag-IBIG to monetize its receivables. From time to time, the Company enters into loan arrangements with banks against its receivables portfolio as collateral for an interest rate ranging from 5.5% 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, 2020, the Company has submitted to Pag-IBIG approximately 1,510 CTS receivables, which is 16% of total units, equivalent to approximately ₱1.4 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 Filmore Resources Holdings, Inc. ("Filmore") for the sale of CTS Receivables at face value by such subsidiaries to Filmore 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 Filmore, 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 Filmore.

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

that such transaction will materialize. The Company might not always 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 liquidation risks is unsuccessful, the result could have a material adverse effect on the Company's business, financial condition and results of operations.

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

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

The real estate industry in the Philippines is capital intensive, and market players are required to incur significant expenditure to acquire land for development, complete existing projects and commence construction on new developments. For the years 2018, 2019 and 2020, 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.

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

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

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

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

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

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

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

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

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

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

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

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

For the past several years, central banks globally, including the BSP, have kept overall interest rates at historically low 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. In the event the Company is unable to acquire suitable land at prices and in locations that could translate into reasonable returns, or at all, its growth prospects could be limited and its business and results of operations could be adversely affected.

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

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

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

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

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

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

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

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

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

The Company intends to continue to pursue an aggressive growth strategy for its residential property business. To this end, the Company currently has 20 ongoing projects, as of December 31, 2020, and is expecting to launch three (3) new ones in 2021. 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 financing housing and land development projects.

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

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

developments and new expansion into high-rise building developments will be successful. There can also be no assurance that there will be a market for the Company's high-rise building developments. As a result, the Company's decision to pursue such expansion could have a material adverse effect on the Company's reputation and its business.

The Company believes that its industry experience has equipped it and its management with in-depth knowledge and understanding of the needs, preferences, means and constraints of the Mass Housing segment customer base. The Company also has an experienced management team to mitigate this risk.

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

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

- Higher interest rates make it more expensive for the Company to borrow funds to finance ongoing projects or to obtain financing for new projects.
- Because the Company believes that a substantial portion of its customers procure financing (either using the Company's in-house financing program or through banks) to fund their property purchases, higher interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for the Company's residential projects.
- If Pag-IBIG increases the rates at which it lends to customers, the Company would also need to increase the rates of its in-house financing program due to the in-house financing program's mirroring of Pag-IBIG requirements as part of the Company's strategy for easier off-take by Pag-IBIG.
- If the Government significantly increases its borrowing levels in the domestic currency market, this could increase the interest rates charged by banks and other financial institutions and also effectively reduce the amount of bank financing available to both prospective property purchasers and real estate developers, including the Company.
- The Company's access to capital and its cost of financing are also affected by restrictions, such as single borrower limits, imposed by the BSP on bank lending. If the Company were to reach the single borrower limit with respect to their current or preferred bank or banks, the Company may have difficulty-obtaining financing on the same or similar commercial terms from other banks.
- Increased inflation in the Philippines could result in an increase in raw materials costs, which the Company may not be able to pass on to its customers as increased prices or to its contractors by having the Company's contractors absorb raw material cost increases.

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

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

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

While the Philippines has adopted a system of land registration that is intended to conclusively confirm land ownership and is binding on all persons (including the Government), it is not uncommon for third parties to claim ownership of land that has already been registered and over which a title has been issued. There have also been cases where third parties have produced false or forged title certificates over land. The Company has occasionally had to defend itself against third parties who claim to be the rightful owners of land that has

been either titled in the name of the persons selling the land to the Company or that has already been titled in the name of the Company. In the event a greater number of third-party claims are brought against the Company or any such claims involves land that is material to the Company's housing and land development projects, the Company's management may be required to devote significant time and incur significant costs in defending the Company against such claims. In addition, if any such claims are successful, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of the Company's housing and land development projects. Any of the foregoing circumstances could have a material adverse effect on the Company's business, financial condition and results of operations, as well as on its business reputation.

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

The Company faces risks relating to project cost and completion.

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

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

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

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

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

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

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

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

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

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

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

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

practitioners. There can be no assurance that the imposition of these requirements will not affect the real estate service practice of the Company, or its ability to retain its existing third-party brokers or identify new third party brokers. These factors could disrupt the Company's business and negatively affect its financial condition, results of operations and prospects.

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

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

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

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

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

All subdivision development plans are required to be filed with and approved by the local government unit with jurisdiction over the area where the project is located. Approval of development plans is condition on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities and donation of roadways to and other easements in favor of the relevant government agencies. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. There can

be no assurance that the Company, its Subsidiaries or associates or partners will be able to obtain governmental approvals for its projects or that when given, such approvals will be in accordance with the Company's planned timing for the relevant project and will not be later revoked. Any non-receipt or delay in receipt of approvals could affect the Company's ability to complete projects on time or at all.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Philippine law provides that property developers, such as the Company, warrant the structural integrity of houses that were designed or built by them for a period of 15 years from the date of completion of the house. The Company may also be held responsible for hidden (i.e., latent or non-observable) defects in a house sold by it when such hidden defects render the house unfit for the use for which it was intended or when its

fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six months from the delivery of the house to the buyer. In addition, Republic Act No. 6541, as amended, or the National Building Code of the Philippines (the "Building Code"), which governs, among others, the design and construction of buildings, sets certain requirements and standards that must be complied with by the Company. The Company or its officials may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code.

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

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

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

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

The transactions referred to above are described in Note ____ of the 2018 Audited Consolidated Financial Statements. The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with the principal owners. These transactions may involve potential conflicts of interest which could be detrimental to the Company and/or its stakeholders. Conflicts of interest may also arise between the Company and the Selling Shareholders in a number of other areas relating to its businesses, including:

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

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

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

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

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

8990 is a holding company and conducts no independent business operations other than providing certain corporate and other support service to the Subsidiaries. 8990 conducts substantially all of its operations through the Subsidiaries. Substantially all of its assets are held by, and substantially all of its earnings and cash flows are attributable to, the Subsidiaries. 8990's liquidity, ability to pay interest and expense, meet obligations, provide funds to its Subsidiaries and distribute dividends are dependent upon the flow of 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.

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 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 its ability to maintain a productive workforce. Any strikes, work stoppages, work slowdowns, grievances, complaints or claims of unfair practices or other deterioration in

the Company's employee relations could have a material and adverse effect on the Company's financial condition and results of operations.

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

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

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

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

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

Disruptions in the global financial markets in 2008 and 2009 resulted in a tightening of credit markets worldwide, including in the Asia Pacific region. Liquidity in the global and regional credit markets severely contracted as a result of these market disruptions, making it difficult and costly to refinance existing obligations or raise additional financing, including equity financing. While liquidity has 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, acquisition or general corporate purposes;

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

Item 2. Properties

Project Development and Construction

Land Acquisition

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

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

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

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

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

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

assessments in order to determine if the land is suitable for construction. The land must be topographically amenable to housing development.

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

Site Development and Construction

Once the land for a project site has been acquired by the Company, site development and construction work for the Company's projects are 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 twenty percent (20%) to twenty five (25%) initially as down payments, with sixty five percent (65%) to seventy percent (70%) paid on a turnkey basis and the remaining ten percent (10%) paid after three (3) 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 (4) times stronger than typical concrete slabs used in the Philippines and dry in approximately twenty two (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 (1) 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 (2) to three (3) days to complete.
5. Lastly, finishing and detailing takes four (4) to five (5) 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 twelve thousand nine hundred (12,900) 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.

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 investment in properties situated in what the Company believes are prime locations across the Philippines for existing and future low-cost Mass Housing and land development projects for the next four (4) to five (5) years, most of which is located in areas with close proximity to major roads and primary infrastructure, and aims to expand its land bank to cover development in the next seven (7) to eight (8) years. As of December 31, 2020, the Company had a land bank of approximately 610.34 hectares of raw land for the development of its various projects, with some properties subject to liens or encumbrances.

Details of the Company's raw land inventory as of December 31, 2020 are set out in the table below:

Luzon	In Hectares
Cubao, Quezon City	0.43
Ortigas Ext, Pasig	1.46
San Mateo, Rizal	31.20
Batasan, Quezon City	17.04
Balara, Quezon City	17.60
Commonwealth, Quezon City	2.00
Alabang Zapote, Las Pinas City	4.80
Filinvest, Alabang	0.12
Otis, Mendiola	2.80
Yakal, Makati	0.14
Taft, Manila	0.08
Tanza, Property	10.00
Monticello, Baguio	4.27
Teachers Camp, Bagio	0.19
Juan Luna, Manila	0.23
Tondo, Manila	1.30
General Trias, Cavite	1.10
Pampanga, Angeles	8.82
Meycauayan, Bulacan	2.26
Cutud, Angeles	29.23
Subtotal Luzon	135.07
Visayas	
Guadalupe, Cebu	3.20
Leganes, Iloilo	25.40
Cebu Business Park, Cebu	0.31
Vistamar, Cebu	0.18
Mactan, Cebu	45.33
Ormoc, Leyte	5.70
San Miguel, Iloilo	39.95
Granada, Bacolod	62.00
Talamban, Cebu	2.90
Monterazzas, Cebu	180.62
Siquijor	8.00
Sta. Barbara, Iloilo	32.58

Pavia, Iloilo	3.26
Subtotal Visayas	410.80
Mindanao	
Mulig, Davao	15.30
Quirino, Davao	0.71
Tigatto, Davao	24.83
Talomo, Davao	25.00
Subtotal Mindanao	65.84

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

Property and Equipment

The following table summarizes the various real estate properties owned by the Company not intended for use as the site of future projects as of December 31, 2018:

Subsidiary and Property Description	Location	Present Use
8990 Housing		
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 3 rd floor are leased out.
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 3 rd floor and the 4 th floor are leased out.
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.
7-hectare Wakeboard Park	Mintal, Davao City	Wakeboard park with other amenities presently leased to Session Park
8990 Luzon		
12-hectare Wakeboard Park	Margot, Pampanga	Wakeboard park with other amenities presently leased to Session Park

8990 Holdings

8990 as a lessee

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

Fog Horn

Fog Horn as a lessee

Fog Horn recognized rent expense pertaining to rental of its office. The lease agreements are renewable annually upon mutual agreement of the parties. There is no future minimum rental payable under non-cancellable operating leases in 2012 to 2018.

8990 Housing

8990 Housing as lessee

Rent expense pertains to rental of 8990 Housing's office spaces and billboard. The lease agreements are renewable annually upon mutual agreement of the parties. 8990 Housing has no future minimum rentals payable under non-cancellable operating leases in 2012 to 2018.

8990 Housing as a lessor

A portion of the building owned by 8990 Housing is currently leased to a third party, which is covered by an operating lease contract for a period of ten (10) years starting 2007.

8990 Luzon

8990 Luzon as a lessee

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

8990 Luzon as a lessor

8990 Luzon leased its investment properties for a period of five (5) years, with provision for automatic annual renewal unless formally terminated by either party, in 2012. The contract provided that first six (6) monthly leased fees for the first year shall be waived. As an exchange, 8990 Luzon shall be entitled to receive ten percent (10%) of monthly gross sales of riding passes in excess of Php2 million.

Item 3. Legal Proceedings

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

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

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

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The Company has outstanding 5,517,990,720 common shares. All common shares are listed and traded principally on the Philippine Stock Exchange, Inc. ("PSE") as of December 31, 2020. The closing price as of December 31, 2020 is Php8.24 per share.

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

	2020			2019			2018			2017			2016		
	High	Low	Close	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	7.94	6.37	7.79
2nd	12.00	9.61	9.71	16.28	12.90	15.50	7.64	6.42	7.36	6.96	5.93	6.60	8.09	7.36	7.64
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	8.28	7.28	7.41
4th	8.30	8.02	8.24	15.06	14.62	14.74	8.10	7.00	8.10	6.79	6.73	6.73	7.67	6.89	7.51

The market capitalization of the Company as of December 31, 2018 was approximately Php45,468,243,532.80 based on the closing price of Php8.24 per share.

Holders

The following table sets forth the stockholders of record of the Company as of December 31, 2018:

Shareholder	Number of Shares Subscribed	Subscribed and Paid-up (in Php)	% Ownership
IHOLDINGS, INC.	2,183,082,107	2,183,082,107	39.56%
PCD NOMINEE CORPORATION (NON-FILIPINO)	957,410,277	957,410,277	17.35%
KWANTLEN DEVELOPMENT CORPORATION	926,325,018	926,325,018	16.79%
PCD NOMINEE CORPORATION (FILIPINO)	852,986,632	852,986,632	15.46%
LUIS N. YU, JR.	258,099,322	258,099,322	4.68%
MARIANO D. MARTINEZ JR.	168,916,767	168,916,767	3.06%
UNIDO CAPITAL HOLDINGS INC.	160,549,600	160,549,600	2.91%
WILLIBALDO MARIA J. UY OR HILDA L. UY	8,000,000	8,000,000	0.14%
MARIA LINDA BENARES MARTINEZ	2,000,000	2,000,000	0.04%
ANTHOLIN TAN MUNTUERTO	300,000	300,000	0.01%
MARK WERNER JUECO ROSAL	200,000	200,000	0.00%
NICOLAS CATALYA DIVINAGRACIA	100,000	100,000	0.00%
MA. CHRISTMAS RENIVA NOLASCO	11,500	11,500	0.00%
IAN NORMAN E. DATO	5,001	5,001	0.00%
HECTOR ABLANG SANVICTORES	2,000	2,000	0.00%

STEPHEN G. SOLIVEN	1,500	1,500	0.00%
JESUS SAN LUIS VALENCIA	300	300	0.00%
HAN JUN SIEW	100	100	0.00%
SHAREHOLDERS' ASSOCIATION OF THE PHILIPPINES, INC.	100	100	0.00%
ALEXANDER ACE S. SOTTO	100	100	0.00%
WEI BENG CHAN	100	100	0.00%
RAUL FORTUNATO REAMICO ROCHA	100	100	0.00%
MANUEL CASTILLO CRISOSTOMO	100	100	0.00%
OWEN NATHANIEL SY AU ITF LI MARCUS AU	80	80	0.00%
JOSELITO TANWANGCO BAUTISTA	8	8	0.00%
LOWELL L. YU	1	1	0.00%
ANTHONY VINCENT SOTTO	1	1	0.00%
ARLENE KEH	1	1	0.00%
DOMINIC JOHN PICONE	1	1	0.00%
MANUEL S. DELFIN JR.	1	1	0.00%
RAUL FORTUNATO R. ROCHA	1	1	0.00%
RICHARD L. HAUSEN	1	1	0.00%
WILLIE UY	1	1	0.00%

Dividends and Dividend Policy

Under Philippine law, dividends may be declared out of a corporation's Unrestricted Retained Earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the Philippine SEC. The approval of the Board of Directors is generally sufficient to approve the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose. From time to time, the Company may reallocate capital among its Subsidiaries depending on its business requirements.

The Philippine Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividend without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

Limitations and Requirements

Under Philippine law, a corporation can only declare dividends to the extent that it has Unrestricted Retained Earnings that represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purpose and which are free for distribution to the shareholders as dividends. A corporation may pay dividends in cash, by the distribution of property or by the issuance of shares. Stock dividends may only be declared and paid with the approval of shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

The Philippine Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: [1] when justified by definite expansion plans approved by the board of directors of the corporation; [2] when the required consent of any financing institution or creditor to such

distribution has not been secured; [3] when retention is necessary under special circumstances, such as when there is a need for special reserves for probably contingencies; or [4] when the non-distribution of dividends is consistent with the policy or requirement of a Government office.

Record Date

Pursuant to existing Philippine SEC rules, cash dividends declared by the Company must have a record date not less than ten (10) nor more than thirty (30) days from the date of declaration. For stock dividends, the record date should not be less than ten (10) nor more than thirty (30) days from the date of the shareholders' approval, provided however, that the set record date is not to be less than ten (10) trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the Philippine SEC.

Dividend History

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

Preferred Shares

6.0263% per share

Declaration Date: February 4, 2020

Record date: February 17, 2020

Payment date: March 2, 2020

6.0263% per share

Declaration Date: February 4, 2020

Record date: May 15, 2020

Payment date: June 1, 2020

6.0263% per share

Declaration Date: February 4, 2020

Record date: August 17, 2020

Payment date: September 1, 2020

6.0263% per share

Declaration Date: February 4, 2020

Record date: November 16, 2020

Payment date: December 1, 2020

Dividend Policy

The Company intends to maintain a consistent dividend payout policy based on its consolidated net income for the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. In line with this, during the last Annual Stockholders' Meeting of 8990 Holdings, Inc. held on July 29, 2013, the stockholders of 8990 Holdings, Inc. approved the adoption of a dividend policy whereby, subject to available cash and after any capital expenditure requirements, 50% of the Unrestricted Retained Earnings of 8990 Holdings, Inc. for the preceding fiscal year will be declared as dividends.

The Subsidiaries have not adopted any formal dividend policies. Dividend policies for the Subsidiaries shall be determined by their respective Boards of Directors.

Recent Issuance of Shares Constituting Exempt Transaction

Not applicable.

Description of the Shares Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Company's voting securities as of December 31, 2020.

Name and Address of Record Owners	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	Total No. of Shares Held	% of Total Outstanding Shares
IHoldings, Inc. Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner is the beneficial owner of the shares indicated	Filipino	2,183,082,107 *	2,183,082,107*	39.56%
Kwantlen Development Corporation Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner is the beneficial owner of the shares indicated	Filipino	926,325,018	926,325,018	16.79%
Pasir Salak Investments Limited Brumby Center, Lot 42, Jalan Muhibbah, 87000 Labuan FT, Malaysia	The record owner is PCD Nominee Corporation	Malaysian	475,000,000	475,000,000	8.61%
TPG Rafter Holdings Ltd. Maples Corporate Services Limited, PO Box 309, Ugland House, George Town, Grand Cayman, Cayman Islands	The record owner is PCD Nominee Corporation	Cayman Islands	475,000,000	475,000,000	8.61%

**excludes the 40,000,000 shares registered in the name of IP Ventures, Inc. with an agreement to transfer to IHoldings, Inc. upon expiration of the PSE lock-up thereon.*

Pursuant to its articles of incorporation as amended on October 1, 2013, the Company has an authorized amount of capital stock of PhP7,000,000,000 divided into 7,000,000,000 Common Shares with a par value of PhP1.00 per share, of which 5,517,990,720 Common Shares are issued and outstanding as of the date of this report.

Objects and Purposes

The Company has been organized primarily to purchase, subscribe for, or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take options to, mortgage, pledge, exchange, and in all

ways deal with, personal and real property of every kind and description, including shares of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts or obligations of any corporation, domestic or foreign, without however, engaging in dealership in securities, in stock brokerage business or in the business of an investment company.

The Company's purposes also include the following:

1. To acquire by purchase, exchange, lease, bequest, devise or otherwise; to hold, own, use, maintain, manage, improve, develop and operate; and to sell, transfer, convey, lease, mortgage, pledge, exchange or otherwise dispose of real and personal properties, including vehicles and equipment necessary for the primary business, and any and all rights, interests or privileges therein necessary or incidental to the conduct of corporate business.
2. To borrow or raise money for the conduct of the business of the Corporation, and to draw, make, accept, endorse, execute, and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable and non-negotiable instruments and evidences of indebtedness and to secure the payment thereof and of any interest thereon by mortgage upon, or pledge of, or grant of a security interest in, or conveyance or assignment in trust for, or lien upon the whole or any part of the property of the Corporation, whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such bonds, debentures or other obligations of the Corporation for corporate purposes.
3. To invest and re-invest the money and property of the Corporation in such manner considered wise or expedient for the advancement of its interests.
4. To acquire the goodwill, rights, assets and property, and to undertake or assume the whole or any part of the obligations or liabilities, of any person, partnership, association or corporation, and to pay therefor in cash, stocks or bonds of the corporation or otherwise.
5. To aid in any lawful manner, by loan, subsidy, guaranty or otherwise, any corporation whose stocks, bonds, notes, debentures or other securities or obligations are held or controlled directly or indirectly, by the Corporation, and to do any and all lawful acts or things necessary or desirable to protect, preserve, or enhance the value of such stocks, bonds, securities or other obligations or evidences of indebtedness, and to guarantee the performance of any contract or undertaking of any person, partnership, association or corporation in which the corporation is or become interested.
6. To enter into any lawful arrangement for the sharing of profits, union of interest, reciprocal concession or cooperation with any person, partnership, association, corporation, or government or authority, domestic or foreign, in the carrying on of any business or transaction deemed necessary, convenient or incidental to carrying out any of the purposes of the Corporation.
7. To acquire or obtain from any government authority, national, provincial municipal or otherwise, or any person, partnership, association or corporation, such charters, contracts, franchise, privileges, exemptions, licenses and concessions required for the conduct of any of the purposes of the Corporation.
8. To establish and operate one or more branch offices or agencies and to carry on any or all of its operations and business, including the right to hold, purchase or otherwise acquire, lease, mortgage, pledge and convey or otherwise deal in and with real and personal property anywhere in the Philippines.
9. To conduct and transact any and all lawful activities, and to do or cause to be done any one or more of the acts and things herein set forth as its purposes, within or without the Philippines, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise

of any one or more of the powers herein enumerated, or which shall at any time appear conducive to or expedient for the protection or benefit of the Corporation.

Under Philippine law, a corporation may invest its funds in any other corporation or business or for any purpose other than the purpose for which it was organized when approved by a majority of the board of directors and ratified by the stockholders representing at least two-thirds of the outstanding capital stock, at a stockholders' meeting duly called for the purpose; provided, however, that where the investment by the corporation is reasonably necessary to accomplish its purposes, the approval of the stockholders shall not be necessary. Per the By-laws of the Company, its stock, property and affairs shall be exclusively managed and controlled by the board of directors.

Share Capital

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and by-laws of the corporation. Subject to the approval by the Philippine SEC, it may increase or decrease its authorized capital stock by amending its articles of incorporation, provided that the change is approved by a majority of the board of directors and by shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

Under Philippine law, the shares of a corporation may either be with or without a par value. All of the Common Shares currently issued have a par value of PhP1.00 per share. In the case of par value shares, where a corporation issues shares at a price above par, whether for cash or otherwise, the amount by which the subscription price exceeds the par value is credited to an account designated as additional paid-in capital or paid-in surplus.

Subject to approval by the Philippine SEC, a corporation may increase or decrease its authorized capital shares, provided that the change is approved by a majority of the board of directors of such corporation and shareholders representing at least two-thirds of the issued and outstanding capital shares of the corporation voting at a shareholders' meeting duly called for the purpose.

A corporation is empowered to acquire its own shares for a legitimate corporate purpose, provided that the corporation has Unrestricted Retained Earnings or surplus profits sufficient to pay for the shares to be acquired. Examples of instances in which the corporation is empowered to purchase its own shares are: when the elimination of fractional shares arising out of share dividends is necessary or desirable, the purchase of shares of dissenting shareholders exercising their appraisal right (as discussed below) and the collection or compromise of an indebtedness arising out of an unpaid subscription. When a corporation repurchases its own shares, the shares become treasury shares, which may be resold at a price fixed by the board of directors of such corporation.

The Board is authorized to issue shares from treasury from time to time. Treasury shares may be issued to any person, corporation or association, whether or not a shareholder of the Company, including its officers or employees for such consideration in money as the Board may determine.

Voting Rights

The Company's Shares have full voting rights. However, the Philippine Corporation Code provides that voting rights cannot be exercised with respect to shares declared by the board of directors as delinquent; treasury shares, or if the shareholder has elected to exercise his right of appraisal referred to below.

Dividend Rights

Under the Company's By-laws, dividends may be paid out the Unrestricted Retained Earnings of the Company as and when the Board of Directors may elect, subject to legal requirements. Dividends are payable to all

shareholders on the basis of outstanding shares of the Company held by them, each share being entitled to the same unit of dividend as any other share. Dividends are payable to shareholders whose name are recorded in the stock and transfer book as of the record date fixed by the Board of Directors. The PSE has an established mechanism for distribution of dividends to beneficial owners of shares which are traded through the PSE which are lodged with the PCD Nominee as required for scripless trading.

Pre-Emptive Rights

The Philippine Corporation Code confers pre-emptive rights on the existing shareholders of a Philippine corporation which entitle such shareholders to subscribe to all issues or other dispositions of shares of any class by the corporation in proportion to their respective shareholdings, regardless of whether the shares proposed to be issued or otherwise disposed of are identical to the shares held. A Philippine corporation may, however, provide for the denial of these pre-emptive rights in its articles of incorporation. Likewise, shareholders who are entitled to such pre-emptive rights may waive the same through a written instrument to that effect.

The articles of incorporation of the Company deny the pre-emptive rights of its shareholders to subscribe to any or all dispositions of any class of shares.

Derivative Rights

Philippine law recognizes the right of a shareholder to institute proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors of the corporation themselves are the malefactors.

Appraisal Rights

The Philippine Corporation Code grants a shareholder a right of appraisal and demand payment of the fair value of his shares in certain circumstances where he has dissented and voted against a proposed corporate action, including:

- an amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class;
- the extension of the term of corporate existence;
- the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation;
- a merger or consolidation; and
- investment by the corporation of funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized.

In any of these circumstances, the dissenting shareholder may require the corporation to purchase its shares at a fair value, which, in default of agreement, is determined by three disinterested persons, one of whom shall be named by the shareholder, one by the corporation, and the third by the two thus chosen. Regional Trial Courts will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. From the time the shareholder makes a demand for payment until the corporation purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of such shares. No payment

shall be made to any dissenting shareholder unless the corporation has Unrestricted Retained Earnings sufficient to support the purchase of the shares of the dissenting shareholders.

Right of Inspection

A shareholder has the right to inspect the records of all business transactions of the corporation and the minutes of any meeting of the board of directors and shareholders at reasonable hours on business days and may demand a copy of excerpts from such records or minutes at his or her expense. However, the corporation may refuse such inspection if the shareholder demanding to examine or copy the corporation's records has improperly used any information secured through any prior examination, or was not acting in good faith or for a legitimate purpose in making his demand.

Right to Financial Statements

A shareholder has a right to be furnished with the most recent financial statement of a Philippine corporation, which shall include a balance sheet as of the end of the last taxable year and a profit or loss statement for said taxable year, showing in reasonable detail its assets and liabilities and the results of its operations. At the meeting of shareholders, the board of directors is required to present to the shareholders a financial report of the operations of the corporation for the preceding year, which shall include financial statements duly signed and certificate by an independent certified public accountant.

Board of Directors

Unless otherwise provided by law or in the articles of incorporation, the corporate powers of the Company are exercised, its business conducted, and its property controlled by the Board. Pursuant to its articles of incorporation, as amended, the Company shall have thirteen (13) Directors, two (2) of whom are independent Directors within the meaning set forth in Section 38 of the SRC. The Board shall be elected during each regular meeting of shareholders, at which shareholders representing at least a majority of the issued and outstanding capital shares of the Company are present, either in person or by proxy.

Under Philippine law, representation of foreign ownership on the Board is limited to the proportion of the foreign shareholding. Directors may only act collectively; individual directors have no power as such. Four directors, which is a majority of the Board, constitute a quorum for the transaction of corporate business. Except for certain corporate actions such as the election of officers, which shall require the vote of a majority of all the members of the Board, every decision of a majority of the quorum duly assembled as a board is valid as a corporate act.

Any vacancy created by the death, resignation or removal of a director prior to expiration of such director's term shall be filled by a vote of at least a majority of the remaining members of the Board, if still constituting a quorum. Otherwise, the vacancy must be filled by the shareholders at a meeting duly called for the purpose. Any director elected in this manner by the Board shall serve only for the unexpired term of the director whom such director replaces and until his successor is duly elected and qualified.

Shareholders' Meetings

Annual or Regular Shareholders' Meetings

The Philippine Corporation Code requires all Philippine corporations to hold an annual meeting of shareholders for corporate purposes including the election of directors. The By-laws of the Company provide for annual meetings on the last Monday of July of each year to be held at the principal office of the Company and at such hour as specified in the notice.

Special Shareholders' Meeting

Special meetings of shareholders, for any purpose or purposes, may at any time be called by either the president or a majority of the Board of Directors, whenever he or they shall deem it necessary.

Notice of Shareholders' Meeting

Whenever shareholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and time of the meeting, and the purpose or purposes for which the meeting is called. The Company's By-laws provide that notices of the time and place of the annual and special meetings of the shareholders shall be given either by mailing the same enclosed in a postage-prepaid envelope, addressed to each shareholder of record at the address left by such shareholder with the Secretary of the Company, or at his last known post-office address, or by delivering the same to him in person, at least two (2) weeks before the date set for such meeting. Notice to any special meeting must state, among others, the matters to be taken up in the said meeting, and no other business shall be transacted at such meeting except by consent of all the shareholders present, entitled to vote. No notice of meeting need be published in any newspaper, except when necessary to comply with the special requirements of the Philippine Corporation Code. Shareholders entitled to vote may, by written consent, waive notice of the time, place and purpose of any meeting of shareholders and any action taken at such meeting pursuant to such waiver shall be valid and binding. When the meeting of the shareholders is adjourned to another time or place, notice of the adjourned meeting need not be provided so long as the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

Quorum

Unless otherwise provided by an existing shareholders' agreement or by law, in all regular or special meeting of shareholders, a majority of the outstanding capital shares must be present or represented in order to constitute a quorum, except in those cases where the Philippine Corporation Code provides a greater percentage vis-a-vis the total outstanding capital shares. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of shares shall be presented.

Pursuant to the Company's By-laws, the chairman of the board, or in case of his absence or disability, the president, may then call to order any meeting of the stockholders, and proceed to the transaction of business, provided a majority of the shares issued and outstanding be present, either in person or by proxy; but if there be no quorum present at any meeting, the meeting may be adjourned by the stockholders present from time to time until the quorum shall be obtained. If neither the chairman of the board nor the president is present, then the meeting is to be conducted by a chairman to be chosen by the stockholders.

Voting

At all meetings of shareholders, a holder of Common Shares may vote in person or by proxy, for each share held by such shareholder.

Fixing Record Dates

Under existing Philippine SEC rules, cash dividends declared by corporations whose shares are listed on the PSE shall have a record date which shall not be less than 10 or more than 30 days from the date of declaration. With respect to share dividends, the record date shall not be less than 10 or more than 30 days from the date of shareholder approval; provided, however, that the record date set shall not be less than 10 trading days from receipt by the PSE of the notice of declaration of share dividends. In the event that share dividends are declared in connection with an increase in the authorized capital shares, the corresponding record date shall be fixed by the Philippine SEC.

Matters Pertaining to Proxies

Shareholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy duly given in writing and duly presented to the Corporate Secretary before or during the meeting. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Corporate Secretary.

Proxies should comply with the relevant provisions of the Philippine Corporation Code, the SRC, the IRRs, and regulations issued by the Philippine SEC.

Dividends

The Common Shares have full dividend rights. Dividends on the Company's Common Shares, if any, are paid in accordance with Philippine law. Dividends are payable to all shareholders on the basis of outstanding Common Shares held by them, each Common Share being entitled to the same unit of dividend as any other Common Share. Dividends are payable to shareholders whose names are recorded in the stock and transfer book as of the record date fixed by the Company's Board of Directors. The PSE has an established mechanism for distribution of dividends to beneficial owners of Common Shares which are traded through the PSE which are lodged with the PCD Nominee as required for scripless trading.

The Company intends to maintain a consistent dividend payout policy based on its consolidated net income for the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. In line with this, during the last Annual Stockholders' Meeting of 8990 Holdings, Inc. held on July 29, 2013, the stockholders of 8990 Holdings, Inc. approved the adoption of a dividend policy whereby, subject to available cash and after any capital expenditure requirements, at least 50% of the Unrestricted Retained Earnings of 8990 Holdings, Inc. for the preceding fiscal year will be declared as dividends. The Subsidiaries have not adopted any formal dividend policies. Dividend policies for the Subsidiaries shall be determined by their respective Boards of Directors.

Transfer of Shares and Share Register

All transfers of shares on the PSE shall be effected by means of a book-entry system. Under the book-entry system of trading and settlement, a registered shareholder shall transfer legal title over the shares to a nominee, but retains beneficial ownership over the shares. The transfer of legal title is done by surrendering the stock certificate representing the shares to participants of the PDTC System (i.e., brokers and custodian banks) that, in turn, lodge the same with the PCD Nominee Corporation, a corporation wholly-owned by the PDTC (the "PCD Nominee"). A shareholder may request upliftment of the shares from the PDTC, in which case a stock certificate will be issued to the shareholder and the shares registered in the shareholder's name in the books of the Company.

Philippine law does not require transfers of the Common Shares to be effected on the PSE, but any off-exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the share transfer tax applicable to transfers effected on the PSE. See "Philippine Taxation." All transfers of shares on the PSE must be effected through a licensed stockbroker in the Philippines.

Issues of Shares

Subject to otherwise applicable limitations, the Company may issue additional Common Shares to any person for consideration deemed fair by the Board, provided that such consideration shall not be less than the par value of the issued Common Shares. No share certificates shall be issued to a subscriber until the full amount of the subscription together with interest and expenses (in case of delinquent Common Shares) has been paid and proof of payment of the applicable taxes shall have been submitted to the Company's Corporate Secretary. Under the PSE Rules, only fully-paid shares may be listed on the PSE.

Share Certificates

Certificates representing the Common Shares will be issued in such denominations as shareholders may request, except that certificates will not be issued for fractional shares. Shareholders wishing to split their certificates may do so upon application to the Company's share transfer agent, Securities Transfer and Services, Inc., which will maintain the share register. Common Shares may also be lodged and maintained under the book-entry system of the PDTC. See "The Philippine Stock Market."

Mandatory Tender Offers

In general, under the SRC and the IRRs, any person or group of persons acting in concert and intending to acquire at least: [1] 35% of any class of any equity security of a public or listed corporation in a single transaction; or [2] 35% of such equity over a period of 12 months; or [3] even if less than 35% of such equity, if such acquisition would result in ownership by the acquiring party of over 51% of the total outstanding equity, is required to make a tender offer to all the shareholders of the target corporation on the same terms. Generally, in the event that the securities tendered pursuant to such an offer exceed that which the acquiring person or group of persons is willing to take up, the securities shall be purchased from each tendering shareholder on a pro rata basis, disregarding fractions, according to the number of securities tendered by each security holder. Where a mandatory tender offer is required, the acquirer is compelled to offer the highest price paid by him for such shares during the past six months. Where the offer involves payment by transfer or allotment of securities, such securities must be valued on an equitable basis. However, if any acquisition of even less than 35% would result in ownership of over 51% of the total outstanding equity, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining shareholders of the said corporation at a price supported by a fairness opinion provided by an independent financial adviser or equivalent third party. The acquirer in such a tender offer shall be required to accept any and all securities thus tendered.

No Mandatory Tender Offer is required in: (i) purchases of shares from unissued capital shares unless it will result to a 50% or more ownership of shares by the purchaser; (ii) purchases from an increase in the authorized capital shares of the target company; (iii) purchases in connection with a foreclosure proceedings involving a pledge or security where the acquisition is made by the debtor or creditor; (iv) purchases in connection with privatization undertaken by the government of the Philippines; (v) purchases in connection with corporate rehabilitation under court supervision; (vi) purchases through an open market at the prevailing market price; or (vii) purchases resulting from a merger or consolidation.

Fundamental Matters

The Philippine Corporation Code provides that certain significant acts may only be implemented with shareholders' approval. The following require the approval of shareholders representing at least two-thirds of the issued and outstanding capital shares of the corporation in a meeting duly called for the purpose:

- amendment of the articles of incorporation;
- removal of directors;
- sale, lease, exchange, mortgage, pledge or other disposition of all or a substantial part of the assets of the corporation;
- investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation was organized;
- declaration or issuance of share dividends;
- delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws;

- merger or consolidation;
- dissolution;
- an increase or decrease in capital shares;
- ratification of a contract of a directors or officer with the corporation;
- extension or shortening of the corporate term;
- creation or increase of bonded indebtedness; and
- management contracts with related parties;

The approval of shareholders holding a majority of the outstanding capital shares of a Philippine corporation, including non-voting preferred shares, is required for the adoption or amendment of the by-laws of such corporation.

Accounting and Auditing Requirements

Philippine stock corporations are required to file copies of their annual financial statements with the Philippine SEC. In addition, public corporations are required to file quarterly financial statements (for the first three quarters) with the Philippine SEC. Those corporations whose shares are listed on the PSE are additionally required to file said quarterly and annual financial statements with the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of the operations of the Company for the preceding year. This report is required to include audited financial statements.

Item 6. Management Discussion and Analysis of Financial Condition and Results of Operations

Factors Affecting Results of Operations

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

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

The Company derives substantially all of its revenue from its mass housing development activities in the Philippines. The Philippine real estate and housing markets have historically been affected by the prevailing economic conditions in the Philippines, which may also be affected by the economic conditions in other parts of the world. Accordingly, the Company's results of operations may be significantly affected by the state of the global and Philippine economies generally and specifically the Philippine property and housing markets. The Philippine real estate and housing markets have historically been subject to cyclical trends, and property values have been affected by the supply of and demand for comparable properties, the rate of economic

growth, the rate of unemployment and political and social developments in the Philippines. Demand for new residential projects in the Philippines has historically also been affected by, among other things, prevailing political, social and economic conditions in the Philippines, including overall growth levels, the value of the Philippine peso and interest rates, as well as the strength of the economy in other parts of the world, given that a substantial portion of demand comes from overseas Filipino workers. Furthermore, as the Company continues expanding its business, these operations will also be increasingly affected by general conditions in the global and Philippine economies. As a result, the Company expects that its results of operations will continue to vary from period to period largely as a result of general global and Philippine economic conditions.

Collection of Receivables

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

Liquidity Risk Management

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

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

Interest Rates

The Company generally charges its customers an annual interest rate of nine and a half percent (9.5%) on their housing loans under the CTS program. The Company's financing arrangements with commercial banks and other financial institutions are typically on a fixed interest basis, with interest rates typically averaging

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

Tax Incentives and Exemptions

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

Price Volatility of Construction Materials and Other Development Costs

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

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

Availability of Suitable Land for Development

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

land for its development projects and expansion plans or is unable to successfully grow and manage its land bank, its ability to meet its revenue and growth targets may be adversely affected.

Demand for Residential Properties

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

Critical Accounting Policies

Critical accounting policies are those that are both (i) relevant to the presentation of the Company's financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex. To provide an understanding of how the Company's management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, the critical accounting policies discussed below have been identified. While the Company believes that all aspects of its financial statements should be studied and understood in assessing its current and expected financial condition and results of operations, the Company believes that the following critical accounting policies warrant particular attention. For more information, see Notes 2 and 3 to the Company's 2017 Audited Consolidated Financial Statements.

DESCRIPTION OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME LINE ITEMS

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

In million pesos	2020	2019	2018
Revenue	14,233.53	15,400.51	11,525.58
Cost of sales and services	7,410.48	6,541.95	4,866.62
Gross income	6,823.06	8,858.56	6,658.96
Operating expenses	1,821.83	2,675.81	1,895.50
Operating income (expenses)	1,637.32	1,593.98	1,294.24
Net operating income	6,638.55	7,776.73	6,057.70
Finance costs	1,692.08	1,616.72	1,268.87
Other income	3.32	-	-
Income before income tax	4,949.79	6,160.01	4,788.84
Provision for income tax	117.90	297.19	21.57
Net income	4,831.88	5,862.81	4,810.41

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

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

Revenue

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

Cost of Sales and Services

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

Gross Income

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

Operating Expenses

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

Other Operating Income (Expense)

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

Finance Costs

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

Income before Income Tax

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

Provision for Income Tax

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

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2020 was ₱4,830.8 million, a decrease of 18% from consolidated net income of ₱5,857.1 million recorded for the year ended December 31, 2019. The Company's consolidated net income margin for the year ended December 31, 2020 and 2019 were 34% and 38% respectively.

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, and 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.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the year ended December 31, 2019 was P7,010.8 million, an increase of 33% from consolidated cost of sales and services of P5,282.0 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 P8,265.7 million, an increase of 28% from consolidated gross income of P6,463.9 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 P2,474.3 million, an increase of 25% from consolidated operating expenses of P1,985.6 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 P1,621.7 million, an increase from consolidated finance costs of P1,204.6 million recorded for the year ended December 31, 2018. The increase was mainly attributable to higher interest rate for the Company's loan from creditor banks, and high interest for bonds payable as it is long term in nature.

Other Income

For the year ended December 31, 2019, the Company recorded consolidated other income of P1,689.7 million, an increase from P1,403.9 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 P5,859.3 million, an increase from consolidated income before income tax of P4,677.8 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 P280.8 million, an increase from consolidated provision for income tax of P2.9 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 P5,578.5 million, an increase of 19% from consolidated net income of P4,674.9 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%.

Financial Position

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

Assets

Cash on Hand and in Banks

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

Current portion of trade and other receivables

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

Inventories

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

Due from related parties

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

Other current assets

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

Trade and other receivables – net of current portion

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

Property and equipment

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

Investment properties

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

Other noncurrent assets

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

Liabilities

Current portion of trade and other payables

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

Current portion of loans payable

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

Deposits from customers

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

Due to related parties

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

Income tax payable

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

Trade and other payables - net of current portion

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

Loans payable - net of current portion

The Company's consolidated loans payable – net of current portion was ₱11,470.5 million as at December 31, 2020, an increase from consolidated loans payable – net of current portion of ₱6,461.1 million as at December 31, 2019. The Company entered into additional loan transactions during the course of the year to

fund its installment contract receivables under the CTS Gold program as well as construction of its high rise projects.

Deferred tax liability

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

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 P853.9 million as at December 31, 2019, a decrease of 60% from consolidated cash on hand and in banks of P2,143.6 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 P4,407.0 million as at December 31, 2019, a 40% increase from consolidated current portion of trade and other receivables of P3,158.9 million as at December 31, 2018.

Inventories

The Company's consolidated inventories were P36,925.3 million as at December 31, 2019, an increase of 27% from consolidated inventories of P29,131.4 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 Oritigas.

Due from related parties

The Company's consolidated due from related parties were P1,230.7 million as at December 31, 2019, an increase of 22% from consolidated due from related parties of P1,007.7 million as at December 31, 2018.

Other current assets

The Company's consolidated other current assets were P4,377.8 million as at December 31, 2019, an increase of 3% from consolidated other current assets of P4,262.1 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 P17,790.1 million as at December 31, 2019, an increase from consolidated trade and other receivables-net of current portion of P17,269.0 million as at December 31, 2018.

Property and equipment

The Company's consolidated property and equipment was P808.5 million as at December 31, 2019, a decrease of 2% from consolidated property and equipment of P826.5 million as at December 31, 2018.

Investment properties

The Company's consolidated investment properties were P313.1 million as at December 31, 2019, an increase from consolidated investment properties of P183.8 million as at December 31, 2018.

Other noncurrent assets

The Company's consolidated other noncurrent assets were P374.5 million as at December 31, 2019, an increase from consolidated other noncurrent assets of P312.1 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 ₱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 trade and other payables were P6,438.9 million as at December 31, 2019, an increase from consolidated current portion of trade and other payables of P5,703.3 million as at December 31, 2018.

Deposits from customers

The Company's consolidated deposits from customers were P905.5 million as at December 31, 2019, an increase of 75% from consolidated deposits from customers of P518.3 million as at December 31, 2018.

Due to related parties

The Company's consolidated due to related parties were P83.8 million as at December 31, 2019, an increase from consolidated due to related parties of P57.0 million as at December 31, 2018.

Income tax payable

The Company's consolidated income tax payable was P82.2 million as at December 31, 2019, an increase from consolidated income tax payable of P65.6 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 P1,060.0 million as at December 31, 2019, an increase from consolidated trade and other payables - net of current portion of P109.2 million as at December 31, 2018.

Loans payable - net of current portion

The Company's consolidated loans payable - net of current portion was P5,756.7 million as at December 31, 2019, a decrease from consolidated loans payable - net of current portion of P7,764.2 million as at December 31, 2018.

Deferred tax liability

The Company's consolidated deferred tax liability was P870.0 million as at December 31, 2019, an increase from consolidated deferred tax liability of P201.2 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.

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,		
	2020	2019	2018
	in million pesos		
Net cash from (used in) operating activities	(3,195.05)	1,055.53	5,491.29
Net cash provided by (used in) investing activities	(580.74)	(2,065.89)	(1,418.76)
Net cash provided by (used in) financing activities	3,941.69	(294.45)	(3,227.64)
Net increase (decrease) in cash on hand and in banks	165.90	(1,304.81)	844.89
Cash on hand and in banks at beginning of year	1,043.43	2,318.60	1,473.71
Cash and cash equivalents of newly acquired subsidiary	0.00	29.64	0.00
Cash on hand and in banks at end of year	1,209.34	1,043.43	2,318.60

Cash flow used in operating activities

The revenue generated from its operations, primarily the sale of residential housing units, subdivision lots and MRB condominium units, primarily affects the Company's consolidated net cash used in operating activities. The Company's consolidated net cash used in operating activities were ₱3,195.05 million for the year ended December 31, 2020, and consolidated net cash from operating activities were ₱1,055.53 million, for the year ended December 31, 2019.

Cash flows used in investing activities

Consolidated net cash flow used in investing activities for the years ended December 31, 2020 and 2019 were ₱580.74 million and ₱2,065.89 million, respectively.

For the year ended December 31, 2020, consolidated net cash flow used in investing activities reflected acquisitions of property and equipment and purchase of investment properties.

Cash flow provided by financing activities

Consolidated net cash flow provided by financing activities for the year ended December 31, 2020 were ₱3,679.1 million while net cash flow used in financing activities for the year ended December 31, 2019 were ₱548.4 million.

For the year ended December 31, 2020, consolidated net cash flow provided by financing activities was attributable mainly to the proceeds from the Company's availment of loans during the year and an issuance of bonds, as offset by certain loan repayments.

Key Performance Indicators

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

Key Performance Indicators	As of December 31, 2020	As of December 31, 2019
	Audited	Audited
Current ratio	1.88	1.79
Book value per share	6.65	5.94
Debt to equity ratio	1.12	1.06
Asset to equity ratio	2.12	2.06
Asset to debt ratio	1.89	1.94
Gross income margin	48%	58%
Net income margin	34%	38%

Debt Obligations and Facilities

As of December 31, 2020, the Company's total outstanding indebtedness was ₱33.1 billion, 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 in 2020. The Company's interest rates are either subject to annual repricing or at variable rates. The Company's loans payable have maturities ranging from three months to five years, and are typically secured by receivables under its CTS 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. The Company has submitted to PAG-IBIG approximately four thousand seven hundred (4,700) CTS receivables equivalent to approximately PHP4 billion. These accounts are currently being processed by PAG-IBIG, and at various stages of cycle completion. The acceptance or rejection of a CTS receivable by PAG-IBIG is based on certain guidelines of PAG-IBIG such as employment, number of contributions made by the homeowner/PAG-IBIG member, 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.

Interest Rate Risk

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

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

Commodity Risk

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

Seasonality

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

Item 7. Consolidated Financial Statements

Please see accompanying 2020 Audited Consolidated Financial Statements ("2020 AFS")

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

Independent Public Accountants

For 2020, Ramon F. Garcia & Company, CPAs (RFG) has been engaged by the Board of Directors as Independent External Auditor.

For 2019, 2018 and 2017, Punongbayan and Araullo (P&A) has been engaged by the Board of Directors as Independent External Auditor.

Until 2015, Sycip Gorres Velayo & Co. (SGV) is the Company's Independent External Auditor. SGV initially rendered its services to the Company in 2012. Prior to commencement of SGV services, the Company's Independent External Auditor was Reyes Tacandong & Co.

The Company has not had any disagreements on accounting and financial disclosures with the independent auditors. Reyes Tacandong & Co., SGV & Co. and P&A have no shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe to securities issued by the Company.

All independent auditors do not have and will not receive any direct or indirect interest in the Company or in any of our securities (including options, warrants or rights thereof) pursuant to or in connection with the Common Shares.

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

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

The 2018 audit of the Company is in compliance with paragraph (3)(b)(iv) of Securities Regulation Code Rule 68, as amended, which provides that the external auditor should be rotated, or the handling partner changed, every five (5) years or earlier.

External Audit Fees

The following table sets out the aggregate fees billed for each of the last two years for professional services rendered by P&A and services rendered by RFG in year ending 2020, excluding fees directly related to the Offer.

	2018	2019	2020
		(₱)	
Audit and Audit-related Fees ⁽¹⁾	8,650,000	12,600,000	18,465,370
All Other Fees ⁽²⁾	1,038,000	1,512,000	-
Total	9,688,000	14,112,000	18,465,370

-
- (1) *Audit and Audit-Related Fees. This category includes the audit of annual financial statements, review of interim financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years.*
- (2) *All other fees above include out-of-pocket expenses incidental to the independent auditors' work, the amounts of which do not exceed 15% of the agreed-upon engagement fees.*

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

Audit and Risk Committee

The Audit and Risk Committee is composed of at least three members of the Board who have accounting and finance backgrounds, at least one of whom is an independent director and another with audit experience. The chair of the Audit and Risk Management Committee should be an independent director.

The Audit Committee has the following functions:

- (a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations;
- (b) Provide oversight over the management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include receiving from management of information on risk exposures and risk management activities;
- (c) Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- (d) Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget, necessary to implement it;
- (e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimized duplication of efforts;
- (f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- (g) Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;
- (h) Review the reports submitted by the internal and external auditors;
- (i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - (i) Any changes in accounting policies and practices;

- (ii) Major judgmental areas;
 - (iii) Significant adjustments resulting from the audit;
 - (iv) Going concern assumptions;
 - (v) Compliance with accounting standards; and
 - (vi) Compliance with tax, legal and regulatory requirements.
- (j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- (k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report;
- (l) Establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties.

As of the date of writing, the Audit and Risk Management Committee is chaired by Ms. Arlene C. Keh, while Mr. Mariano D. Martinez, Jr., Mr. Luis N. Yu, Jr., Mr. Ben Chan Wei Beng, and Mr. Dominic J. Picone serve as its members.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers

The overall management and supervision of the Company is undertaken by the Company's Board of Directors. The Company's executive officers and management team cooperate with its Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Pursuant to the Company's current articles of incorporation, the Board consists of thirteen (13) members. To date, two (2) members of the Board are independent directors. Except for Mr. Manuel S. Delfin, Jr. who was elected to the Board on September 2, 2014, all of the directors were re-elected at the Company's annual shareholders meeting on July 28, 2014 and will hold office for a period of one (1) year from their election and until their successors have been duly elected and qualified.

The table below sets forth each member of the Company's Board as of writing.

<u>Name</u>	<u>Age</u>	<u>Nationality</u>	<u>Position</u>
Mariano D. Martinez, Jr.	66	Filipino	Chairman of the Board
Luis N. Yu, Jr.	65	Filipino	Chairman Emeritus and Director
Manuel C. Crisostomo	66	Filipino	Independent Director
Arlene C. Keh	53	Filipino	Independent Director
Manuel S. Delfin, Jr.	60	Filipino	Director

Lowell L. Yu	44	Filipino	Director
Raul Fortunato R. Rocha	67	Filipino	Director
Richard L. Haosen	58	Filipino	Director, Treasurer and GM Treasury
Ian Norman E. Dato	42	Filipino	Director
Han Jun Siew	39	Malaysian	Director
Domonic J. Picone	42	Australian	Director
Alexander Ace S. Sotto	40	Filipino	Director, COO and Acting President
Roan B. Torregoza	35	Filipino	Director, CFO

The business experience of each of the directors is set forth below.

Mariano D. Martinez, Jr.

Chairman of the Board

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

Luis N. Yu, Jr.

Chairman Emeritus and Director

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

Manuel C. Crisostomo

Independent Director

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

Arlene C. Keh*Independent Director*

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

Manuel S. Delfin, Jr.*Director*

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

Lowell L. Yu*Director*

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

Raul Fortunato R. Rocha*Director*

Mr. Rocha was born in Tabaco Albay on August 28, 1953. A banker for fourteen years and a businessman with businesses that include real estate development and leasing. He is currently the president of LYRR Realty Development Corporation and Naga Queenstown Realty and Development Inc. He is also the Chairman of the Board of Directors of Tabaco Port Cargo Corp. He graduated from Divine Word College Legazpi City in 1976 with a degree of BSC Major in Management. He is a member

of various organizations like Rotary Club of Naga East, Metro Naga Chamber of Commerce and Industry and Kapisanan ng mga Broadcaster ng Pilipinas (KBP).

Richard L. Haosen

Director, and Treasurer

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

Alexander Ace Sotto

Director, Acting President and COO

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

Ian Norman E. Dato

Director

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

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 Khazahan in 2012. He holds a Bachelor of Business and Commerce (Economics, Banking and Finance) from Monash University, Australia.

Dominic J. Picone

Director

Mr. Picone 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. He is an alternate board member of UTAC Holdings, and serves on the audit, risk, and compensation committees of BFI Finance. Prior to joining TPG in 2005, Mr. Picone worked in the Investment Banking Division of Credit Suisse First Boston in Melbourne, primarily focused on mergers and acquisitions in Australia and New Zealand. A native of Australia, he received a Bachelor of Commerce (Honours – Finance) and a Bachelor of Laws from the University of Melbourne.

Roan Buenaventura – Torregoza

Director, CFO

Mrs. Roan Buenaventura-Torregoza assumed the position of Chief Financial Officer of the Company on September 2016. Prior to her current position, she served as Acting Chief Financial Officer, Deputy Chief Financial Officer, Assistant General Manager for Audit, and Management Services Manager for 8990 Holdings, Inc. Before joining the Company in 2014, she served as Account Officer of Wholesale Finance Department of BPI Family Savings Bank, Inc. from 2008 to 2012. Ms. Buenaventura-Torregoza finished her Master in Business Administration Concentration in Finance from Asian Institute of Management as W. Sycip Graduate School of Business Scholar in December 2013. She also has a degree in B.S. Business Administration from the University of the Philippines-Diliman (2007).

The table below sets forth the Company's officers as of writing.

<u>Name</u>	<u>Age</u>	<u>Nationality</u>	<u>Position</u>
Alexander Ace S. Sotto	40	Filipino	COO and Acting President
Anthony Vincent S. Sotto	45	Filipino	Deputy Chief Executive Officer
Roan B. Torregoza	35	Filipino	Chief Financial Officer
Richard L. Haosen	58	Filipino	Treasurer
Teresa C. Secuya	59	Filipino	Compliance Officer
Cristina S. Palma Gil-Fernandez	51	Filipino	Corporate Secretary
Maureen Christine O. Lizarondo	33	Filipino	Asst. Corporate Secretary
Patricia Victoria Ilagan	44	Filipino	Investor Relations Officer

The business experience of each of the key executive and corporate officers is set forth below.

Alexander Ace Sotto

COO and Acting President

Please refer to the table of Directors above.

Anthony Vincent S. Sotto*Deputy Chief Executive Officer*

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

Roan Buenaventura – Torregoza*Chief Financial Officer*

Please refer to the table of Directors above.

Richard L. Haosen*Treasurer*

Please refer to the table of Directors above.

Teresa C. Secuya*Compliance Officer*

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

Cristina S. Palma Gil-Fernandez*Corporate Secretary*

Atty. Palma Gil-Fernandez assumed the position of Corporate Secretary of the Company in September 2012. Atty. Palma Gil-Fernandez graduated with a Bachelor of Arts degree, Major in History (Honors) from the University of San Francisco in 1989, and with a Juris Doctor degree, second honors, from the Ateneo de Manila University in 1995. She is currently a Partner at Picazo Buyco Tan Fider & Santos Law Offices and has over 26 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.

Maureen Christine Lizarondo*Assistant Corporate Secretary*

Atty. Maureen Christine O. Lizarondo was born on November 30, 1986, graduated cum laude with the degree of Bachelor Arts, Major in Political Science, from the University of the Philippines in 2003, and with a Juris Doctor degree, second honors, from the Ateneo de Manila University in 2011. She is currently an Partner at Picazo Buyco Tan Fider & Santos Law Offices.

Patricia Victoria G. Ilagan
Investor Relations Officer

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

Family Relationships

As of writing, family relationships (by consanguinity or affinity within the fourth civil degree) between Directors and members of the Company's senior management are as follows:

Lowell L. Yu, Director, is the son of Mr. Luis N. Yu, Jr., Director.

Involvement of Directors and Executive Officers in Certain Legal Proceedings

To the best of the Company's knowledge and belief and after due inquiry, none of the Company's directors, nominees for election as director, or executive officers have in the five-year period prior to the date of this report: [1] had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time; [2] have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses; [3] have been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or [4] have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, such judgment having not been reversed, suspended, or vacated.

Item 10. Executive Compensation

Compensation

The following are the Company's president and three most highly compensated executive officers for the year ended December 31, 2020:

Name	Position
Anthony Vincent S. Sotto	Deputy CEO
Alexander Ace Sotto	Chief Operating Officer and Acting President
Roan Buenaventura-Torregoza	Chief Financial Officer
Richard L. Haosen	General Manager – Treasury Group

The following table identifies and summarizes the aggregate compensation (actual and expected) of the Company's President and the three most highly compensated executive officers of the Company in 2015, 2016 and 2017:

	Year	Total ⁽¹⁾ (₱)
President and the four most highly compensated executive officers named above		
.....	2017	30.0 million
	2018	31.0 million
	2019	27.4 million

Note:

(1) Includes salary, bonuses and other income.

Compensation of Directors

The by-laws of the Company provide that, by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten (10%) percent of the net income before tax of the Company during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders. However, since 2013, no directors' compensation was approved and given by the Board.

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

Employee Stock Option Plan

The Corporation has no employee stock option plan at the moment.

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Company's voting securities as of December 31, 2020.

Name and Address of Record Owners	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	Total No. of Shares Held	% of Total Outstanding Shares
IHoldings, Inc. Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner is the beneficial owner of the shares indicated	Filipino	2,183,082,107*	2,183,082,107*	39.56*
Kwantlen Development Corporation Unit 605, Ayala FGU Center, Cebu	The record owner is the beneficial owner of the shares indicated	Filipino	926,325,018	926,325,018	16.79%

Name and Address of Record Owners	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	Total No. of Shares Held	% of Total Outstanding Shares
Business Park, Cebu City					
Pasir Salak Investments Limited	The record owner is PCD Nominee Corporation	Malaysia	475,000,000	475,000,000	8.61%
Brumby Center, Lot 42, Jalan Muhibbah, 87000 Labuan FT, Malaysia					
TPG Rafter Holdings Ltd.	The record owner is PCD Nominee Corporation	Cayman Islands	475,000,000	475,000,000	8.61%
Maples Corporate Services Limited, PO Box 309, Ugland House, George Town, Grand Cayman, Cayman Islands					

**excludes the 40,000,000 shares registered in the name of IP Ventures, Inc. with an agreement to transfer to IHoldings, Inc. upon expiration of the PSE lock-up thereon.*

As of December 31, 2017 the Company's level of foreign ownership is 17.41% of its equity.

Security Ownership of Directors and Officers as of writing

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Total Outstanding Shares
Common	Luis N. Yu, Jr.	258,099,322 – direct	Filipino	4.68
Common	Mariano D. Martinez, Jr.	168,916,767 – direct	Filipino	3.10
		1,979,200- indirect		
Common	Arlene C. Keh	1 – direct	Filipino	0.0
Common	Manuel C. Crisostomo	100 – direct	Filipino	0.0
Common	Manuel S. Delfin, Jr.	1 – direct	Filipino	0.0
Common	Lowell L. Yu	1 – direct	Filipino	0.0
Common	Raul Fortunato R. Rocha	101 – direct	Filipino	0.0
		500,000 – indirect*		
Common	Richard L. Haosen	1 – direct	Filipino	0.0
		40,000- indirect*		
Common	Ian Norman E. Dato	5,001 – direct	Filipino	0.0
Common	Dominic J. Picone	1 – direct	American	0.0
		99 – indirect*		
Common	Roan Buenaventura-Torregoza	0 – direct	Filipino	0.0
		1,500 – indirect		

Common	Cristina S. Palma Gil-Fernandez	None	Filipino	0.0
Common	Maureen O. Lizarondo-Medina	None	Filipino	0.0
Common	Teresa C. Secuya	None	Filipino	0.0
Common	Patricia Victoria G. Ilagan	None	Filipino	0.0
Common	Han Jun Siew	1-direct		0.0
Total:		473,848,233 shares		

**held through the PCD Nominee Corporation*

Voting Trust Holders of Five Percent or More

There were no persons holding more than five percent of a class of shares of the Company under a voting trust or similar agreement as of writing.

Changes in Control

As of year-end 2020, there are no arrangements, which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

The Company and its Subsidiaries, in their ordinary course of business, engage in transactions with related parties and affiliates. These transactions include advances and reimbursement of expenses. Settlement of outstanding balances of advances at year-end occurs in cash. As of December 31, 2017 and 2018, the Company has not made any provision for impairment losses relating to amounts owed by related parties.

Refer to Note 29 of the 2020 Audited Consolidated Financial Statements for the summary of the Company's transactions with its related parties.

Transactions Not in the Ordinary Course of Business

The Company has likewise entered into transactions with related parties otherwise than in the ordinary course of business. These transactions consist of advances to and from the 8990 Majority Shareholders and the 8990 Related Companies as disclosed in Note 29 of the 2020 Audited Consolidated Financial Statements.

PART IV - CORPORATE GOVERNANCE

Item 13. Corporate Governance

See Exhibit 1 for the Annual Corporate Governance Report filed with SEC on May 31, 2021.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C (Current Reports)

Report	Date
Share Buy-Back Transactions	Jan 02, 2020
Share Buy-Back Transactions	Jan 03, 2020
Share Buy-Back Transactions	Jan 06, 2020
Share Buy-Back Transactions	Jan 07, 2020
Share Buy-Back Transactions	Jan 08, 2020
Share Buy-Back Transactions	Jan 09, 2020
Share Buy-Back Transactions	Jan 10, 2020
Share Buy-Back Transactions	Jan 14, 2020
List of Top 100 Stockholders	Jan 14, 2020
Share Buy-Back Transactions	Jan 15, 2020
Public Ownership Report	Jan 15, 2020
Share Buy-Back Transactions	Jan 16, 2020
Share Buy-Back Transactions	Jan 17, 2020
Share Buy-Back Transactions	Jan 20, 2020
Share Buy-Back Transactions	Jan 21, 2020
Share Buy-Back Transactions	Jan 22, 2020
Share Buy-Back Transactions	Jan 23, 2020
Share Buy-Back Transactions	Jan 24, 2020
Share Buy-Back Transactions	Jan 27, 2020
Share Buy-Back Transactions	Jan 28, 2020
Share Buy-Back Transactions	Jan 29, 2020
Share Buy-Back Transactions	Jan 30, 2020
Share Buy-Back Transactions	Jan 31, 2020
Share Buy-Back Transactions	Feb 03, 2020
Declaration of Cash Dividends	Feb 04, 2020
Declaration of Cash Dividends	Feb 04, 2020
Declaration of Cash Dividends	Feb 04, 2020
Declaration of Cash Dividends	Feb 04, 2020
Share Buy-Back Transactions	Feb 04, 2020
Clarification of News Reports	Feb 04, 2020
Share Buy-Back Transactions	Feb 05, 2020
Share Buy-Back Transactions	Feb 06, 2020
Share Buy-Back Transactions	Feb 07, 2020
Share Buy-Back Transactions	Feb 10, 2020
Share Buy-Back Transactions	Feb 11, 2020
Share Buy-Back Transactions	Feb 12, 2020
Share Buy-Back Transactions	Feb 13, 2020
Share Buy-Back Transactions	Feb 14, 2020
Share Buy-Back Transactions	Feb 17, 2020
Share Buy-Back Transactions	Feb 17, 2020
Share Buy-Back Transactions	Feb 18, 2020
Share Buy-Back Transactions	Feb 19, 2020
Share Buy-Back Transactions	Feb 20, 2020
Share Buy-Back Transactions	Feb 21, 2020
Share Buy-Back Transactions	Feb 24, 2020
Share Buy-Back Transactions	Feb 26, 2020
Share Buy-Back Transactions	Feb 27, 2020
Share Buy-Back Transactions	Feb 28, 2020
Share Buy-Back Transactions	Mar 02, 2020
Share Buy-Back Transactions	Mar 03, 2020

Share Buy-Back Transactions	Mar 04, 2020
Share Buy-Back Transactions	Mar 05, 2020
Share Buy-Back Transactions	Mar 06, 2020
Share Buy-Back Transactions	Mar 09, 2020
Share Buy-Back Transactions	Mar 10, 2020
Share Buy-Back Transactions	Mar 11, 2020
Share Buy-Back Transactions	Mar 12, 2020
Share Buy-Back Transactions	Mar 13, 2020
Share Buy-Back Transactions	Mar 16, 2020
Material information/Transactions	Mar 16, 2020
Request for extension to file SEC Form 17-A	Apr 08, 2020
List of Top 100 Stockholders	Apr 15, 2020
Public Ownership Report	Apr 15, 2020
Request for extension to file SEC Form 17-Q	May 11, 2020
Request for extension to file SEC Form 17-A	Jul 07, 2020
Request for extension to file SEC From 17-Q	Jul 07, 2020
Postponement of Annual Stockholders' Meeting	Jul 14, 2020
Notice of Annual or Special Stockholders' Meeting	Jul 14, 2020
List of Top 100 Stockholders	Jul 15, 2020
Public Ownership Report	Jul 16, 2020
Notice of Analysts'/Investors' Briefing	Jul 28, 2020
[Amend-1] Notice of Analysts'/Investors' Breifing	Jul 30, 2020
Press Release	Aug 04, 2020
Annual Report	Aug 04, 2020
Quarterly Report	Aug 04, 2020
[Amend-1] Quarterly Report	Aug 04, 2020
Material Information/Transactions	Aug 05, 2020
Information Statement	Aug 07, 2020
Statement of Changes in Beneficial Ownership of Securities	Aug 14, 2020
Information Statement	Aug 07, 2020
[Amend-1] Notice of Annual or Special Stockholders' Meeting	Aug 24, 2020
[Amend-1] Information Statement	Aug 24, 2020
Quarterly Report	Aug 25, 2020
[Amend-1] Quarterly Report	Aug 25, 2020
Material Information/Transactions	Aug 26, 2020
Integrated Annual Corporate Governance Report	Sep 01, 2020
[Amend-1] Amendments to Articles of Incorporation	Sep 07, 2020
Notice of Analysts'/Investor's Briefing	Sep 07, 2020
Results of Annual or Special Stockholders' Meeting	Sep 15, 2020
Results of Organizational Meeting of Board of Directors	Sep 15, 2020
Clarification of News Reports	Sep 15, 2020
[Amend-1] Clarification of News Reports	Sep 15, 2020
Material Information/Transactions	Oct 09, 2020
Material Information/ Transactions	Oct 14, 2020
List of Top 100 Stockholders	Oct 15, 2020
Press Release	Oct 15, 2020
Material Information/transactions	Oct 21, 2020
Quarterly Report	Nov 09, 2020
Press Release	Nov 09, 2020
[Amend-2]Amendments to Articles of Incorporation	Nov 17, 2020

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulations Code, and Section 14 of the Corporation Code, the ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2020 (SEC FORM 17-A) is signed on behalf of the issuer by the undersigned, thereunto duly authorized in the City of Makati, Philippines on 18 JUN 2021 2021.



MARIANO D. MARTINEZ
Chairman



ALEXANDER ACE S. SOTTO
Chief Operating Office and Acting President



ROAN BUENAVENTURA - TORREGOZA
Chief Financial Officer



CRISTINA S. PALMA GIL-FERNANDEZ
Corporate Secretary

Before me REPUBLIC OF THE PHILIPPINES)
} S.S.

SUBSCRIBED AND SWORN TO before me this 18 JUN 2021 the following persons exhibiting me
their Passports/ TIN IDs:

		Date of Issue	Place of Issue
Mariano D. Martinez	SSS Number 03-4310513-8		Makati City
Roan Buenaventura – Torregoza	UMID Number 1210-1072- 0364		Mandaluyong City
Alexander Ace S. Sotto	Passport P4001369A	11 Aug 2017	DFA Davao
Cristina S. Palma Gil- Fernandez	Passport P5655630A	18 Jan 2018	DFA NCR South

Doc. No. : 192
PageNo.: 39
Book No.: 3
Series of 2021

GAUDENCIO A. BARBOZA, JR.
NOTARY PUBLIC
Until December 31, 2022
PTR No. A-5063601/JAN. 04, 2021/TAGUIG CITY
IBP No. 131041/OCT. 22, 2020 (for year 2021)
RSM Roll No. 41969
Local Comp. No. VI-002812/MARCH 29, 2019/Until 2022
Appointment No. 38(2021-2022)

Contextual Information

Company Details	
Name of the Organization	8990 Holdings, Inc.
Location of Headquarters	11F Liberty Center, 104 H.V. Dela Costa, Salcedo Village, Makati
Location of Operations	<p>The company is currently present in the following locations:</p> <ul style="list-style-type: none"> ▪ Pampanga ▪ NCR ▪ Iloilo ▪ Cebu ▪ Davao ▪ Bulacan ▪ South Luzon ▪ Bacolod ▪ Ormoc ▪ General Santos
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	<p>Subsidiaries:</p> <ul style="list-style-type: none"> ▪ 8990 Housing Development Corp. "8990 HDC" ▪ 8990 Luzon Housing Development Corp. "8990 LHDC" ▪ 8990 Davao Housing Development Corp. "8990 DHDC" ▪ 8990 Mindanao Housing Development Corp. "8990 MHDC" ▪ 8990 Leisure and Resorts Corp. "8990 LRC" ▪ Tondo Holdings, Corp. "Tondo Holdings" ▪ Fog Horn, Inc. "Fog Horn" ▪ Genvi Development Corp. "Genvi" ▪ Primex Land, Inc. "Primex" ▪ RLC Coastal Estates, Inc. "RLC" ▪ Euson Realty and Development Corp. "Euson"
Business Model, including Primary Activities, Brands, Products, and Services	<p>8990 Holdings, Inc. is the largest mass housing developer in the Philippines in terms of units licensed under BP 220. The company is mainly engaged in the development of residential horizontal mass housing subdivision projects and medium rise building condominiums.</p> <p>The company's residential subdivisions are launched under the DECA Homes brand while the medium-rise condominium units are marketed under the Urban DECA Homes brand.</p>
Reporting Period	January 1, 2020 to December 31, 2020
Highest Ranking Person responsible for this report	Alexander Ace S. Sotto - Acting President

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.
<p>8990 and its management team conducted a series of discussions to identify and understand the needs of the company's stakeholders, which would include its investors, employees, business partners, government agencies, and the community the company is operating in. These discussions allowed the company to see a bigger picture of how the company's operations would impact each stakeholder and the company is making improvements to meet these financial and non-financial needs.</p>

The UN Sustainability goals were used as a framework to identify the impact of the company's operations to the environment, the economy, and the society.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	14,233,534,297	Php
Direct economic value distributed:		
a. Operating costs	1,821,831,207	Php
b. Employee wages and benefits	117,588,171	Php
c. Payments to suppliers, other operating costs	7,366,587,310	Php
d. Dividends given to stockholders and interest payments to loan providers	2,074,689,361	Php
e. Taxes given to government	117,903,000	Php
f. Investments to community (e.g. donations, CSR)	0	Php

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>8990 Holdings, Inc is the largest mass housing developer in the Philippines. The main impact is mainly attributable through its core business of sale and development of horizontal mass-housing subdivision projects and medium-rise building condominiums.</p> <p>The Company has consistently performed financially strong with three years of recorded growth. For the three years ended December 31, 2020, 2019 and 2018, the company's consolidated revenues amounted to ₱14.23 billion, ₱15.40 billion, and ₱11.53 billion, respectively.</p>	Customers	<p>8990 has an integrated real estate system that covers the different areas of the company such as, acquisitions, business development and innovation, technical planning, project management, engineering, sales and marketing, credit and collection, legal services, customer service, and property management.</p> <p>The company is proud of its customer service and credit collection approach as these are personalized to cater to the company's target market. This system allows the company to engage closely with its customers and respond to customers and business partners.</p>

Economic value generated, from its main operations, are distributed through payments to suppliers and service providers, employee wages and benefits, and taxes to government agencies.	Suppliers and service providers, Employees, Government	8990 Holdings have coordinated systems and close relationship with suppliers and service providers to ensure that obligations to these stakeholders are settled promptly.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>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. Due to the present competition in the real estate industry, the company may experience difficulty locating parcels of land of suitable size in locations and at prices acceptable to the Company, particularly parcels of land located in areas surrounding Metro Manila and in other urban areas throughout the Philippines. In the even the Company is unable to acquire suitable land at prices and in locations that could translate into reasonable returns, or at all, its growth projects could be limited and its business and results of operations could be adversely affected.</p> <p>The company is also 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. If there are a great number of customers who defaults in the Company's in-house financing facilities, this would require the Company to incur additional expenses such as those relating to sales</p>	Suppliers, Customers, Employees, and Shareholders.	The combined experience of its principal owners gives the company extensive advantage in the mass housing industry. This is also supported with the established relationship with key partners such as local government agencies and other industry related business partners. The mix of these qualities are attributed to the investment opportunities that the company could venture into.

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.		
What are the Opportunity/ies identified?	Which stakeholders are affected?	Management Approach
A strong macroeconomic performance of the country would greatly benefit the company and the industry. With the company's current position as the largest mass housing developer, the company could bank on the increasing demand of low to medium cost housing.	Customer/Employees/Suppliers /Government/Shareholders	8990 established itself as the largest mass housing developer in the Philippines. It has been resilient on its current market segment and is looking to expand to the high-end market.

Governance and climate-related risks and opportunities

GOVERNANCE	
Disclose the organization's governance around climate-related risks and opportunities	<p>The company has set up an Audit and Risk Management Committee to oversee the company's Enterprise Risk Management (ERM) Framework.</p> <p>The committee assists the Board in fulfilling its oversight responsibilities for financial reporting process, system of internal control, audit process and the Corporation's process for monitoring compliance with the laws and regulation. Further, the committee also oversees the implementation of risk management program of the company.</p> <p>https://www.8990holdings.com/wp-content/uploads/2018/09/8990-Holdings_risk_management.pdf</p>
Recommended Disclosures	
Describe the board's oversight of climate-related risks and opportunities	Details regarding the board's oversight, managements' role, and resilience of the organization's strategy are all detailed in the company's Risk Management System.
Describe management's role in assessing and managing climate-related risks and opportunities	
Describe the resilience of the organization's strategy, taking into consideration different	

climate-related scenarios including a 2°C or lower scenario	
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Risk management – considered a strategic competitive advantage by the Management – is an integral part of the Corporation's operation. Likewise, risk management is an essential part of the Company's business strategy in-order to meet effective corporate governance and achieve the set goals. Thus, instead of responding to crisis and to need for compliance, the Corporation is evaluating possible risk exposures proactively.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used to significant locations of operations that is spend on local suppliers	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which Stakeholders are affected?	Management Approach
The company relies on independent contractors to provide various services, including land clearing, infrastructure development and various construction projects. The quality of products provided by 8990 are dependent on the quality of inputs obtained from suppliers and other related service providers.	Suppliers/ Contractors/ Customers	The company screens suppliers and service providers based on a number of criteria, including, the quality of the materials supplied, historical stability of the supply, delivery time, pricing of the raw materials, as well as financial and industrial strength of the supplier or service provider.
What are the Risk/s Identified?	Which Stakeholders are affected?	Management Approach
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.	Suppliers/ Contractors/ Customers.	The company is proactive in supervising the phase of every construction of its projects.
What are the Opportunity/ies Identified?	Which Stakeholders are affected?	Management Approach
8990 has a collective experience in the Philippine property development industry. With	Suppliers/ Contractors/ Government	The company remains to solidify its relationship with local suppliers and service providers.

<p>this, the company has extensive understanding with the demands, needs, preferences, means, and circumstances of consumers in the Philippine mass housing market. It has also established strong relationship with key Government agencies that are essential to any success in the Mass Housing development industry and with key market participants, such as, construction companies, regulatory agencies, and over two hundred (200) suppliers.</p>		
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Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	None	%
Percentage of employees that have received anti-corruption training	None	%

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

The company is finalizing its separate written policy on anti-graft and corruption. Such will be cascaded once it has been approved by the 8990 management and board of directors. It has been a practice by the company to educate and orient its employees during on boarding the code of business conduct which includes anti-graft and corruption clauses. Furthermore, all employees are given periodic reminders and updates on the code of conduct to ensure that these are being embed in the Company's cultures.

ENVIRONMENTAL

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	N/A	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	N/A	GJ
Energy consumption (electricity)	N/A	kWh

**The company started to measure its energy consumption in 2021*

Reduction of energy consumption

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	N/A	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	N/A	GJ
Energy consumption (electricity)	N/A	kWh

**The company started to measure its energy consumption in 2021*

***There is no comparable data available, the baseline year is 2021*

Reduction of energy consumption

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

**The company started to measure its energy consumption in 2021*

***There is no comparable data available, the baseline year is 2021*

What is the impact and where does it occur? What is the organization's involvement in the impact?

Energy

The company's consumption of energy does not have material impact to the environment. Energy is consumed during the day to day operations of 8990 Holdings, Inc in the construction site, existing projects, branches, and corporate offices.

Water

Water is used in the company's day to day operations, including construction sites, office, branches, and existing projects. 8990 Holdings, Inc works to ensure availability of clean and well-maintained water is provided to its customers and related stakeholders. Because of its dependency in water, 8990 recognizes its responsibility to use this resource as efficiently as possible.

What are the Risk/s Identified?

The shortage of water and energy may hinder the overall operations of the company.

What are the Opportunity/ies Identified?
8990 Holdings is working continuously to increase the efficiency in the use of these vital resources. The company also needs to ensure that these action towards efficiency does not disrupt or hinder its current operations.
Management Approach
The company is working closely with its contractors and service providers in designing properties that would consume less electricity and water.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• Renewable	N/A	Kg/liters
• Non-renewable	N/A	Kg/liters
• Percentage of recycled input materials used to manufacture the organization's primary products and service	N/A	%

**The company started to identify renewable and non-renewable materials in 2021*

***The last item is not applicable, the company is not engaged in manufacturing products*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
8990 uses substantial amount of materials to construct and develop its projects. Apart from its construction needs, the company also uses materials for its office and corporate operations.	Operations, Suppliers, Community, Customers	8990 recognizes that the materials such as cement, rebars, and glass are non-renewable, and these materials entails high amounts of costs, energy, and emissions to produce. The company notes that the mining of minerals needed for its main raw materials in construction such as glass, steel, and cement production impacts biodiversity. The company also recognizes that limestone deposits and other such resources are limited. Conserving the use of these materials will help extend the life of the said resource for future generations.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The resources needed to produce the raw materials for construction are limited. The finite amount of these resources will impact the pricing of raw materials, which	Customers/ Operations	8990 works closely with contractors to ensure that designs and construction practices are in line with the optimal use of materials, without compromising quality and durability.

would indirectly affect the company's competitiveness.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Significant portion of the total cost of the projects pertain to materials such as steel and cement. The reduction in material usage has corresponding financial implications.	Customers/Shareholders	The company is assessing the efficiency of the usage of materials in its previous and current projects. 8990 is also working with its

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	Not available	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	Not available	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	Not available	Tonnes

**The company started to measure emissions in 2021*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Most of the air emissions identified by the company are from the use of electricity. Though there are no current available data regarding the company's use of these resources, 8990 recognizes that emissions results from the overall operations of the company's construction sites, office facilities, and branches.	Operations	The company's objective is to reduce the emissions that it generates by continuously improving efficiency in the usage of electricity.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The company recognizes that the emission of GHG from the excessive use of electricity can contribute to climate change.	Operations/ Customers/ Employees/ Shareholders	The company is making efforts to assess the current operations and management reporting structure against existing energy management frameworks.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The company would like to take advantage of design and construction	Operations/ Customers/	8990's properties are designed to consume less electricity which would translate to reduced power

advancements to reduce carbon emissions.	Employees/ Shareholders	consumption and reduced emission of GHG. The company continues to adapt these kinds of design in future projects.
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Air pollutants

Disclosure	Quantity	Units
NOx	Not available	Kg
Sox	Not available	Kg
Persistent organic pollutants (POPs)	Not available	Kg
Volatile organic compounds (VOCs)	Not available	Kg
Hazardous air pollutants (HAPs)	Not available	Kg
Particulate matter (PM)	Not available	Kg

**The company started to measure pollutants in 2021*

Solid and Hazardous Wastes

Solid waste

Disclosure	Quantity	Units
Total solid waste generated	Not available	Kg
Reusable	Not available	Kg
Recyclable	Not available	Kg
Composted	Not available	Kg
Incinerated	Not available	Kg
Residuals/landfilled	Not available	kg

**The company started to measure solid wastes in 2021*

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	Not available	Kg
Total weight of hazardous waste transported	Not available	Kg

**The company started to measure hazardous waste in 2021*

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	Not available	Cubic meters
Percent of wastewater recycled	Not available	%

**The company started to measure effluents in 2021*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
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Wastes Wastes generated from 8990's developments, offices, and branches are collected by accredited waste collectors and are disposed properly in landfills closest to the developments, offices, and branches locations. Effluents The company makes use of water in its developments, offices, and branches. 8990 produces water discharges, as a result, of its main operations.	Government/Environment and communities	The company ensures that its accredited garbage collectors operate and meet the standards of the Department of Energy and Natural Resources. The company also makes efforts in minimizing effluents by designing and incorporating in its development sites, offices, and branches, wastewater treatment systems.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
8990 is aware that it does not have full control of the wastes collected from its' facilities. While we are monitoring that the accredited waste collectors are meet the standards of the DENR, there is still a risk that there are still oversights in complying with these standards.	Government/Environment and communities	The company is keeping close relationship with local government units and make sure that the partnership with these agencies would ensure proper monitoring of waste disposals.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
8990 sees opportunity to be involved in improving the country's waste management system.	Government/Environment and communities	The company is working closely with service providers, such as the local government, to make sure that the company is meeting regulatory standards when it comes to waste management.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
8990's major activity is the development of it projects. The construction of projects would involve movement of soil, materials, and other resources, which could lead to disruption in the environment.	Employees/Government/Environment and communities	8990 recognizes its role to be compliant to environmental laws.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The company believes that compliance to the environmental laws is paramount to its operations. However, there is still risk that there is non-compliance given the nature of the company's operations.	Employees/Government/Environment and communities	8990 recognizes that compliance to environmental laws is vital to its operations. The company has a team of engineers focused to manage and monitor that operations are compliant to environmental laws.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	
8990 has room to improve its systems and workflows in monitoring its compliance with environmental laws.	Employees/Government/Environment and communities	The company will invest time and resources in internal trainings to make sure that the company's future and existing developments will be within the scope of environmental regulations.

SOCIAL

Employee Management, Employee Hiring, and Benefits Employee data

Disclosure	Quantity	Units
Total number of employees	492	#
<ul style="list-style-type: none"> Number of female employees 	290	#
<ul style="list-style-type: none"> Number of male employees 	202	#
Attrition rate	2	%
Ration of lowest paid employee against minimum wage	2	x

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	53%	53%
PhilHealth	Y	51%	47%
Pag-ibig	Y	56%	53%
Parental leaves	Y	16%	12%
Vacation leaves	Y	77%	38%
Sick leaves	Y	58%	52%
Medical benefits (aside from PhilHealth)	Y	58%	61%
Housing assistance (aside from Pag-ibig)	Y	10%	7%
Retirement fund (aside from SSS)	Y	0%	0%
Further education support	Y	13%	13%
Company stock options	N	0%	0%
Telecommuting	N	0%	0%
Flexible-working Hours	N	0%	0%
Rice Subsidy	Y	88%	90%
Meal Allowance	Y	6%	7%

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	59	%
% of male workers in the workforce	41	%
Number of employees from indigenous communities and/or vulnerable sector*	1	#

*Vulnerable sector includes, elderly, person with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	The hours of the training were not recorded. However, the company is committed to training employees upon hiring in the company. There are also trainings done to make our employees aware of health and safety procedures – the training is done to make sure that there are people capable of administering emergency health actions as they wait for official medical response. There are also trainings done to ensure that employees are updated in terms of new systems such as SAP user training.	
<ul style="list-style-type: none"> Female employees 		
<ul style="list-style-type: none"> Male employees 		
Average training hours provided to employees		
<ul style="list-style-type: none"> Female employees 		
<ul style="list-style-type: none"> Male employees 		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
8990 identifies employees as its most critical asset. The achievements and fulfillment of the company's vision is highly dependent on its functioning human capital.	The company remains its contact and relationship with various sources to ensure that prospective employees are in-line with the company's vision, mission, and culture.
What are the Risk/s identified?	Management Approach
The company sees the competition regarding hiring. The company would need to be competitive in choosing and retaining the right employees to meet the requirements of its rapidly expanding business.	The company is keeping its close relation with institutions like schools and other agencies. This would ensure that the company would be competitive in acquiring quality employees.
What are the Opportunity/ies Identified?	Management Approach
8990 seeks to improve its talent acquisition and retention. The company is offering packages and bonuses that are competitive, and the company has an achievable employment metrics that clearly defines an employee's goal. The company also offers benefits and aid to respond to financial, personal, and professional growth of its employees.	

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	Not applicable	%
Number of consultations conducted with employees concerning employee-related policies	None	#

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-hours	Not applicable	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	2	#

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	None	The company is continuously updating its employee manual to contain policies that ensures fair and consistent treatment towards its employees. Currently, the company is being guided by its Human Resources department regarding the matters that would oversee grievances and violation towards the rights of employees.
Child labor	None	The company is fully compliant with the labor codes implemented by related regulatory body.
Human Rights	Yes	The company is compliant regarding human rights as per the prescription of the Labor Code. Management of the company sees to it that it is more than compliant than what is set by the government Human Rights and Labor Codes.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The company recognizes the importance of being compliant to the labor code and other regulations protecting the rights of all its employees. Compliance to these laws also promotes a healthy and safe environment which highly attributes to a functioning workplace.	8990 has a system of safety regulation in its project sites and office operations – to protect the health and safety of its employees. There are also key personnel like security guards, the Human Resource Department staff, and department representatives who were properly trained regarding health and safety actions.
What are the Risk/s Identified?	Management Approach

Violation, threats, and other factors that disregard the rights, health, and safety of the company's employees would be very detrimental to the worker's productivity, retention, and engagement.	The company continues to assess that it is maintaining the quality of the system it has set in place.
What are the Opportunity/ies Identified?	Management Approach
8990 sees the opportunity to improve its compliance regarding employee health and rights as we continually expand our business. The company also recognizes such opportunity to be cascaded, not only within its internal network, but also with business partners, contractors, and other related agencies.	

Supply Chain Management

Do you have supplier accreditation policy? If yes, please attach the policy or link to the policy:

The 8990-supplier accreditation process are as stated below:

1. Compliance to laws and regulatory requirements

All the company's suppliers and contractors must submit the following before partnering with the company:

- Company Profile
- Business Permit
- BIR Form 2303
- PCAB License
- SEC or DTI Registration
- Articles of Incorporation
- DOLE Certificate

2. Appraisal

The company will appraise all its prospective business partners for accreditation. They will be assessed on their capability to meet the company's requirements through financial and liquidity auditing.

3. Evaluation

All accredited and newly accredited business partners will be maintained in the supplier information database of the company. They will also be subject to regular assessment and reassessment to ensure that they are consistent in maintaining the business partnership requirements.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	Verbal query
Forced labor	Y	Verbal query
Child labor	Y	Verbal query
Human rights	Y	Verbal query
Bribery and corruption	Y	Verbal query

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
8990 recognizes the role of its business partners and contractors in enabling the company to offer quality products. The company keeps the relationship with these business partners to promote long-term and mutually beneficial relationship.	8990 opens equal opportunities amongst potential business partners. The company promotes fair competition amongst vendors to encourage the highest level of productivity quality and efficiency.
What are the Risk/s Identified?	Management Approach
The company recognizes that third-party providers, such as suppliers and contractors, fail to adhere to correct operational practices agreed upon during the initiation of the contract.	The company is hands-on in the accreditation process of its suppliers and business partners. 8990 makes sure that accredited suppliers and business partners share the same vision as the company. Furthermore, the accreditation process assesses the supplier's compliance to all relevant laws and regulations.
What are the Opportunity/ies Identified?	Management Approach
8990 is continuously improving on its supplier and business partner accreditation guideline, refurbishing current guidelines to include relevant criteria relevant to ESG.	

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)
Socialized Housing Projects
<p>Socialized housing being one of the company's main operations, the company has already provided more than 1.8 million mass housing units. In line with its development of socialized housing projects, the company also offers affordable monthly amortization payments for its target customers, which is lower when compared to monthly rental payments for comparable housing units. This would allow for a smooth transition from home rental to ownership.</p> <p>With its contribution of providing affordable housing in the low to middle income earners, the company was recognized as the largest mass housing developer in terms of units licensed under BP 220 and is awarded with the National Product Quality Excellence Award, the Q Asia's Seal of Product and Quality Service, and is regarding by Pag-Ibig as the top housing developer in Visayas.</p>

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	No surveys were done in 2020	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
8990 recognizes that customer satisfaction will impact the entire organization. This metric would reflect on the overall experience of the customer from customer query, reservation of units, unit take-out and turn-over process, and property management. Customer satisfaction does not limit its impact in the company's financial standing, but its effect will also extend to the company's morale and customer retention.	The company shows its customers that their satisfaction is of utmost concern through the following methods: <ol style="list-style-type: none"> 1. More personal approach in billing and collection. 2. Financial literacy seminars before the completion of the buyer's take-out process. 3. Responding to general customer queries from different communication channels (social media, email, phone).
What are the Risk/s Identified?	Management Approach
Any dissatisfaction from the customers is detrimental to the company's business in terms of customer relationship, retention, and acquisition.	8990 makes sure that customer satisfaction does not end after the take-out of the property. The company continues to show that customers are very much valued by continuing exemplary customer service, post-sale, of the property.
What are the Opportunity/ies Identified?	Management Approach
8990 continues to improve and develop its customer service systems, especially with the rapid growth of the company. In-line with its current customer service systems, the company sees opportunities in tapping new channels such as social media, digital mail, and websites, to smoothly receive and address customer concerns.	

Disclosure	Quantity	Units
No. of substantiated complains on product or service health and safety*	None	#
No. of complains addressed	None	#

*Substantiated complains include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complains that were lodge to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Customer's health and safety is top priority in the use of 8990 projects.	8990 ensures that its property does not pose any health and safety risk to its stakeholders and customers. The prioritization of safety and health is incorporated from the design process, to its construction, and finally to the very operation of the project. The company is committed to maintaining an above-par real estate standards to make the property resilient to any structural and environmental threat.
What are the Risk/s Identified?	
8990 recognizes that there are some risks when it comes to accidents that are outside 8990 project premises and facilities.	
What are the Opportunity/ies Identified?	
The company sees to continue improvement in the areas of health and safety of customers.	

	Furthermore, the company maintains a hands-on inspection and auditing of its structural projects.
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Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	None	#
No. of complains addressed	None	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The company has an extensive marketing network consisting of 236 teams, with 28 headed by unit managers and 208 headed by licensed brokers and with more than 3,000 active sales agents. All the unit managers and the agents under them are exclusively contracted to the Company.	The company ensures that it complies with existing laws and regulations concerning branding and advertisements.
What are the Risk/s Identified?	Management Approach
Because of the third-party type or marketing strategy, the company may oversee some situations that would be detrimental to the company's image.	The company has set up a team who oversees the operations of these third-party agencies. The company is also hands-on in regularly meeting with these partners to know their status and to ensure that they are within the bounds of the concerned rules and regulations.
What are the Opportunity/ies Identified?	Management Approach
The company is improving its monitoring mechanisms to ensure that these sales agents and marketing network is in-line with the values the company upholds.	The company is keeping its current marketing and advertising model; however, it is making tighter monitoring protocols to oversee that it is marketing network.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	None	#
No. of complains addressed	None	#
No. of customers, users, and account holders whose information is used for secondary purposes	None	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Data Security

Disclosure	Quantity	Units
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No. of data breaches, including leaks, thefts, and losses of data	None	#
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What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
All the documents, personal information, and signature of customers during the company's business operations are scanned and saved in the company's database. The database could only be accessed by authorized personnel.	To protect corporate and customer data, the company is implementing a strong data security policy. The company also has a point person who oversees that the company is compliant in keeping the company's and customers' data and information.
What are the Risk/s Identified?	
8990 recognizes that there is a threat to data security due to cyber hacking. In the situation that the company becomes a victim of cyber hacking, operations may be disrupted, and such an event may be detrimental to the company's reputation	
What are the Opportunity/ies Identified?	Management Approach
The company continues to assess every angle it could implement concerning data privacy.	Management continues to assess actions it could implement as there are new technological innovations that could prevent cyber threats.

UN SUSTAINABLE DEVELOPMENT GOALS

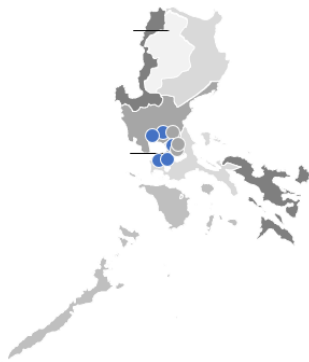
Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value/Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Mass housing and Condominiums	 	ESG impacts	Included in Sustainability report
Lease Spaces	 	New leasing spaces will introduce new competition for existing business within the community.	In approving business space leases, the company ensures that potential lessors will complement existing business to create a “cooperative” environment.
Hotel and leisure services	  	There is a potential that the business will produce food wastage, rise in electricity, and water consumption, and increase in waste output.	Food and material wastes are transported to accredited treatment facilities. To minimize electricity consumption, the company ensures that appliances used such as light and air-conditioning are energy efficient. Finally, the property is designed to recycle and thoroughly treat wastewater.
Property Management	 	ESG impacts	Included in Sustainability report.

ANNEX A. LOCATION OF OPERATIONS

Luzon



Visayas



Mindanao



The company has presence nationwide with the focus on high housing backlog areas. The company positions its operations in areas with high population growth, areas with high rental yield, with proximity to work, education, and community areas. Currently the company has a landbank of 680.91 hectares with 26% of the total area concentrated in the Luzon region, 58% in the Visayas region, and 16% in the Mindanao region.

Completed Projects as of December 31, 2020

	Project Name	Company	Type	Completion Year	No. Of Units	Units Sold
I. Completed Projects						
North Luzon						
1	Savannah Greenplains Subdivision	Fog Horn, Inc.	Horizontal	2015	670	670
2	Savannah Greenplains Subdivision 2	Fog Horn, Inc.	Horizontal	2015	670	670
3	Savannah Greenplains Subdivision 3	Fog Horn, Inc.	Horizontal	2015	1,346	1,346
4	Deca Homes Marilao	8990 Housing	Horizontal	2019	822	822
South Luzon						
5	Bella Vista Subdivision	8990 Luzon	Horizontal	2015	3,844	3,844
6	Deca Homes Tanza	8990 Housing	Horizontal	2016	631	631
7	Deca Homes Marseilles	8990 Housing	Horizontal	2015	466	466

Metro Manila						
8	Urban Deca Towers EDSA	Fog Horn, Inc.	HRB	2017	1,142	987
9	Urban Deca Homes Campville	8990 Housing	MRB	2017	1,024	1,024
Cebu						
10	Urban Deca Homes Tipolo	Fog Horn, Inc.	MRB	2014	1,540	1,540
11	Deca Homes Baywalk Talisay 1	8990 Housing	Horizontal	2013	1,039	1,039
12	Deca Homes Baywalk Talisay 2	8990 Housing	Horizontal	2014	881	881
13	Deca Homes Baywalk Talisay 3	8990 Housing	Horizontal	2018	570	570
14	Urban Deca Homes Tisa	8990 Housing	MRB	2016	936	936
15	Urban Deca Homes H. Cortez	8990 Housing	MRB	2018	1,400	1,400
16	Deca Homes Bacayan	8990 Housing	Horizontal	2007	224	224
17	Deca Homes Danao	8990 Housing	Horizontal	2009	880	880
18	Deca Homes Mactan 1	8990 Housing	Horizontal	2008	679	679
19	Deca Homes Mactan 2	8990 Housing	Horizontal	2009	150	150
20	Deca Homes Mactan 3	8990 Housing	Horizontal	2011	473	473
21	Deca Homes Mactan 4	8990 Housing	Horizontal	2013	1,248	1,248
22	Deca Homes Mactan 5	8990 Housing	Horizontal	2013	1,196	1,196
23	Deca Homes Mandaue Prime	8990 Housing	Horizontal	2013	912	912
24	Deca Homes Minglanilla 1	8990 Housing	Horizontal	2012	187	187
25	Deca Homes Minglanilla 2	8990 Housing	Horizontal	2012	611	611

26	Deca Homes Minglanilla 3	8990 Housing	Horizontal	2012	825	825
27	Deca Homes Minglanilla 4	8990 Housing	Horizontal	2012	329	329
28	Deca Homes Minglanilla 5	8990 Housing	Horizontal	2012	25	25
29	Deca Homes Minglanilla 6	8990 Housing	Horizontal	2012	56	56
30	Deca Homes Tunghaan	8990 Housing	Horizontal	2009	381	381
Iloilo						
31	Deca Homes Pavia 1	8990 Housing	Horizontal	2012	976	976
32	Deca Homes Pavia 2	8990 Housing	Horizontal	2013	884	884
33	Deca Homes Pavia Resort Residences	8990 Housing	Horizontal	2020	2,118	2,118
Davao						
34	Deca Homes Indangan 1	8990 Housing	Horizontal	2016	544	544
35	Deca Homes Indangan 2	8990 Housing	Horizontal	2017	1,329	1,329
36	Deca Homes Indangan 3	8990 Housing	Horizontal	2017	1,369	1,369
37	Deca Homes Indangan 4	8990 Housing	Horizontal	2017		
38	Deca Homes Catalunan Grande	8990 Housing	Horizontal	2016	649	649
39	Deca Homes Mulig (Socialized)	8990 Housing	Horizontal	2019	304	304
40	Deca Homes Davao	8990 Housing	Horizontal	2011	1,696	1,696
41	Deca Homes Esperanza	8990 Housing	Horizontal	2015	2,072	2,072
42	Deca Homes Resort Residences 1	8990 Housing	Horizontal	2015	2,993	2,993
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
50	Deca Homes Resort Residences 8B	8990 Housing	Horizontal	2015	419	419
51	Deca Homes Resort Residences 8C	8990 Housing	Horizontal	2015	638	638
52	Deca Homes Resort Residences 9	8990 Housing	Horizontal	2015	1,341	1,341
53	Deca Homes Resort Residences 10	8990 Housing	Horizontal	2015	534	534
54	Deca Homes Resort Residences 11	8990 Housing	Horizontal	2015	95	95
55	Deca Homes Resort Residences 12	8990 Housing	Horizontal	2015	208	208
56	Deca Homes Resort Residences Prime	8990 Housing	Horizontal	2015	217	217
57	Deca Homes Resort Residences Executive	8990 Housing	Horizontal	2015	421	421
58	Deca Homes Mulig (Economic)	8990 Housing	Horizontal	2020	1,590	1,590
General Santos						
59	Deca Homes Gensan (economic)	8990 Housing	Horizontal	2017	243	243

Ongoing Projects

Project Name		Company	Type	Completion Year	% Completion Building	% Comp. Land Development	Units Delivered
North Luzon							
1	Deca Clark Resort Residences	8990 Luzon	Horizontal	2021	99%	98%	5,064
2	Deca Clark Resort Residences 12	8990 Luzon	Horizontal	2020	100%	93%	210
3	Urban Deca Homes Marilao	8990 Housing	MRB	2024	37%	81%	1,229

4	Deca Homes Marilao Extension	8990 Housing	Horizontal	2020	100%	100%	182
5	Deca Homes Meycauyan	Primex Land, Inc.	Horizontal	2023	4%	45%	173
South Luzon							
6	Urban Deca Homes Hampton	8990 Housing	MRB	2021	91%	89%	1,978
7	Urban Deca Homes Mahogany	8990 Housing	MRB	2020	96%	67%	363
Metro Manila							
8	Urban Deca Homes Manila	Tondo Holdings	HRB	2021	85%	95%	9,477
9	Urban Deca Homes Ortigas	8990 Housing	HRB	2024	23%	68%	-
Cebu							
10	Urban Deca Homes Tisa 2	8990 Housing	MRB	2023	62%	81%	822
11	Monterazzas de Cebu	Genvi Development Corp	Horizontal	2021	n/a	79%	209
Iloilo							
12	Deca Homes Pavia Resort Residences 2	8990 Housing	Horizontal	2020	89%	96%	2,433
13	Deca Homes Sta Barbara (Economic)	8990 Housing	Horizontal	2021	75%	78%	723
14	Deca Homes Sta Barbara (Socialized)	8990 Housing	Horizontal	2028	11%	57%	951
Bacolod							
15	Deca Homes South of Bacolod (Economic)	8990 Housing	Horizontal	2022	79%	65%	2,325
Leyte							

16	Deca Homes Ormoc (Economic)	8990 Housing	Horizontal	2022	45%	84%	166
Davao							
17	Deca Homes Talomo	8990 Housing	Horizontal	2026	12%	30%	719
General Santos							
18	Deca Homes Gensan (socialized)	8990 Housing	Horizontal	2021	99%	94%	1,797

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable	
Habitats protected or restored	Not applicable	
IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable	

The company does not operate within or adjacent to biodiversity-rich areas.

Organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not applicable	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not applicable	Not applicable	Not applicable