COVER SHEET

CS200900917

ITALPINAS DEVELOPMENT CORPORATION

(Company's Full Name)

UNIT 28C 28TH FLOOR BPI PHILAMLIFE
BUILDING 6811 AYALA AVE. MAKATI
1226 METRO MANILA

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

ATTY. MICHAEL JOHN A. TANTOCO JR.
(Contact Person)

(+63 2) 8893-0328
(Company Telephone Number)

1 2	3 1	Definitive 2 0 I S	Last Monday of March
Month	*Day*	*(Form Type)*	*Month Day*

(Fiscal Year)

(Annual Meeting)

N / A
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = Please use BLACK ink for scanning purposes

ITALPINAS DEVELOPMENT CORPORATION

Notice of the Annual Stockholders' Meeting

and

Definitive Information Statement

25 October 2024
3:00 P.M.

The Annual Stockholders' Meeting will be conducted virtually in accordance with SEC MC 6, series of 2020. The Chairman/CEO and the President of IDC shall preside the meeting at the IDC Head Office located at Unit 28C BPI Philamlife Building, 6811 Ayala Ave., Makati City. All other Directors/Officers shall be linked to the meeting online. Information regarding the said blended virtual meeting can be accessed at the link provided in IDC's website at **https://www.italpinas.com/**

ITALPINAS DEVELOPMENT CORPORATION
Unit 28C, 28F Philamlife Building, 6811 Ayala Ave., Makati City, 1226 Metro Manila
Phone: (02) 8893 0328

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO OUR STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of **Italpinas Development Corporation** (the "Company") will be conducted virtually at **IDC Annual Stockholders' Meeting** on October 25, 2024 at 3:00p.m. The Presiding Officer will be presiding the meeting at IDC Head Office located at Unit 28C BPI Philamlife Building, 6811 Ayala Ave., Makati City**.** Information regarding the said virtual meeting can be accessed at the link provided in IDC's website at **https://www.italpinas.com/**. The following is the meeting agenda:

1. Call to order;
2. Proof of notice and due calling of meeting;
3. Determination of a quorum;
4. Approval of the Minutes of the Regular Meeting of the Stockholders held on September 18, 2023;
5. Report of the President;
6. Presentation and approval of the Financial Statements as of December 31, 2023;
7. Ratification of acts of the Board of Directors and Officers;
8. Election of the members of the Board of Directors;
9. Ratification of appointment of external auditors;
10. Approval of Incorporation of Italpinas Property Management Corporation, the Buyout of Edil-Impresa Inc.
11. Approval of the Employee Stock Option Plan for the Corporation's Chief Operating Officer.
12. Other Matters; and
13. Adjournment.

The conduct of this Annual Stockholders' Meeting will be streamed live and stockholders of record as of October 2, 2024 may attend, participate and vote, only through proxy, remote communication or in absentia using the above-stated link. The requirements and procedures on how to participate in this meeting and for voting in absentia are stated in the Information Statement. These are likewise published and made accessible in the same link above.

Stockholders who opt to vote by proxy must submit and address their proxy to the attention of the Corporate Secretary at 8th Floor DPC Place, 2322 Chino Roces Ave, Makati, City or via e-mail at **corporatesecretary@italpinas.com** not later than October 14, 2024.

Any questions for the Board must also be emailed to the address mentioned above on or before October 14, 2024.

Makati City, October 8, 2024.

MICHAEL JOHN A. TANTOCO, JR.
Corporate Secretary

EXPLANATION OF AGENDA ITEMS
FOR ANNUAL STOCKHOLDERS' MEETING
OCTOBER 25, 2024

1. Calling of Meeting to Order

   The Chairman of the Board of Directors, Mr. Romolo Nati, will call the meeting to order.

2. Proof of Notice and Due Calling of Meeting

   The Corporate Secretary, Atty. John Michael A. Tantoco Jr. will certify the date when written notice of the meeting was sent to all stockholders of record as of October 2, 2024

3. Determination of Quorum

   The Corporate Secretary will likewise certify whether a quorum is present for the valid transaction of the Annual Stockholders' Meeting. Pursuant to Sections 57 and 23 of the Revised Corporation Code which allow voting *in absentia* by stockholders, the Corporation has set up a designated online web address which may be accessed by the stockholders to register and vote *in absentia* on the matters for resolution at the meeting. The holders of record of a majority of the issued and outstanding capital stock of the Corporation entitled to vote, whether represented by proxy, or registered and participating through remote communication or voting *in absentia*, shall constitute a quorum for the transaction of business.

4. Approval of the Minutes of the Annual Meeting of the Stockholders on September 18, 2023

   The minutes of the meeting held on September 18, 2023 are available at the Corporation's website, https://www.italpinas.com/. Copies of the minutes will also be distributed to the stockholders before the meeting.

   A copy of the minutes of the meeting is attached to this Information Statement as Annex "B".

5. Report of the President

   The President of the Corporation, Atty. Jose D. Leviste III, will deliver a report to the stockholders on the Corporation's performance for 2023, and the prospects for 2024 and 2025. After the President's report, the stockholders will be given an opportunity to ask questions. A copy of the Annual Report will be sent to the stockholders prior to the meeting, and may be accessible at the Corporation's website.

6. Presentation and Approval of Audited Financial Statements as of December 31, 2023

   The audited financial statements (AFS) as of December 31, 2023 will be presented for approval of the stockholders. A copy of the Audited Financial Statements may be accessed through the Corporation's website.

7. Ratification of the Acts of the Board of Directors and Officers

   All actions, proceedings, and contracts entered into, as well as resolutions made and adopted by the Board of Directors and of Management from the date of the last Stockholders' Meeting held on September 18, 2023 to the date of this meeting shall be presented for confirmation, approval, and ratification .

8. Election of the Board of Directors (including the Independent Directors)

   The profiles of the nominees to the Board will be provided in the Information Statement and in the company website.

9. Ratification of Appointment of External Auditors

   The Audit Committee will endorse to the stockholders for ratification the appointment of MOORE Roxas Tabamo & Co. as the external auditors for 2024.

10. Approval of Incorporation of Italpinas Property Management Corporation, the Buyout of Edil-Impresa Inc.

    On January 29, 2024, the Board of Directors approved the incorporation of two (2) wholly-owned subsidiaries: (a) Edil-Impresa Inc., a construction company to service the projects of IDC and its subsidiaries, and (b) Italpinas Property Management Corporation, a property management company to oversee and administer the projects once built.

11. Approval of the Employee Stock Option Plan (the "*ESOP*") for the Benefit of the Corporation's Chief Operating Officer

    The Corporation will seek approval for an ESOP to be granted to the Corporation's COO, Guiseppe Garofalo, consisting of 25,000,000 shares of stock to be awarded based on the ESOP. A copy of the ESOP is part of the meeting materials.

12. Consideration of Such Other Business as May Properly Come Before the Meeting

    The Chairman will open the floor for comments and questions by the stockholders, and take up items included on the agenda received from stockholders in accordance with SEC Memorandum Circular No. 14, series of 2020.

13. Adjournment

    Upon determination that there are no other matters to be considered, the Chairman upon motion made and duly seconded by a stockholder shall declare the meeting adjourned.

PROXY FORM FOR MANUALLY FILLED BALLOT

The undersigned, stockholder of **ITALPINAS DEVELOPMENT CORPORATION** (the "Company"), do hereby constitute and appoint the **Chairman of the Board**, as attorney-in-fact and proxy, to represent and vote all shares registered in the name of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on October 25, 2024 at 3:00 o'clock in the afternoon to be held virtually at 2024 IDC ASM Portal, and at any of the adjournments thereof. The above-named proxy is to vote as follows:

SUBJECT MATTER	YES	NO	ABSTAIN
1. Approval of Minutes of the previous Annual Stockholders' Meeting			
2. Approval of the 2023 Audited Consolidated Financial Statements of the Company and its Subsidiaries			
3. Ratification of all Acts and Resolutions of the Board of Directors and Management Since the Last Meeting of the Shareholders[1]			
4. Election of Directors **Vote for all nominees listed below:** 1. Romolo V. Nati 2. Jose D. Leviste III 3. Dionisio Tejero 4. Giuseppe Garofalo 5. Gladys Ivy M. Echano 6. Rafael A. Dominguez 7. Jose G. Araullo 8. Christine P. Base 9. Emeraldo C. Magnaye	 ----------------- ---------------- ----------------- ----------------- ----------------- ----------------- ----------------- ----------------- ----------------- For cumulative voting		
5. Ratification of the appointment of MOORE Roxas Cruz Tagle & Co as independent auditors of the Company for 2024, and their remuneration as fixed by the Board of Directors.			
6. Approval of incorporation of Italpinas Property Management Corporation and the Buyout of Edil-Impresa Inc.			
7. Approval of Employee Stock Option Plan (ESOP) for the benefit of the Corporation's Chief Operations Officer			

This proxy should be received by the Corporate Secretary on or before July 17, 2023, the deadline for submission of proxies. This proxy is not required to be notarized, and when properly executed, will be voted in the manner as provided herein by the stockholder. If no instruction is made, this proxy will be voted for the election of all nominees and the approval of all the matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement and/or as recommended by Management or the Board of Directors. This proxy and the powers and authorities conferred therein shall remain valid and subsisting unless otherwise revoked or amended in writing by the undersigned and duly served to the Corporate Secretary of the Company on or before July 17, 2023.

Date:_______________

____

SIGNATURE OF STOCKHOLDER/AUTHORIZED SIGNATORY[2]

Number of Shares Owned:_______________

____

NAME OF STOCKHOLDER

[1] Summary of resolutions are included in the information statement disseminated to shareholders and published in the company's website, and via PSE EDGE.

[2] In case of a corporate stockholder and other entities, a duly sworn Secretary's Certificate or any similar document showing his or her authority to represent the corporation or entity should be attached to this Proxy.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [X] Definitive Information Statement

2. Name of the Registrant as specified in its Charter: Italpinas Development Corporation

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

4. SEC Identification Number: CS200900917

5. BIR Tax Identification Code: 007-213-353-000

6. Address of principal office and Postal Code: 28C BPI Philamlife Building, 6811 Ayala Ave., Makati City

7. Registrant's telephone number, including area code: (632) 8893 0328

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

   25 October 2024
   3:00 P.M.
   28C BPI Philamlife Building, 6811 Ayala Ave., Makati City and through videoconferencing at:
   https://italpinas.com/annual-stockholders-meeting-2023-portal/

9. Approximate date on which the Information Statement is first to be sent or given to security holders: October 9, 2024

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common	629,568,795

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

    YES [X] NO [ ]

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

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

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A. GENERAL INFORMATION

Any references in this Information Statement to "we", "us", "Company" means Italpinas Development Corporation. Also, unless otherwise stated or the context indicates otherwise, references to Board of Directors, committees, management, directors, officers and stockholders are references to the Board of Directors, committees, management, directors, officers and stockholders of Italpinas and references to the Bylaws, Articles of Incorporation or other documents are references to the Bylaws, Articles of Incorporation or other documents of Italpinas.

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

Date	: October 25, 2024
Time	: 3:00 p.m.
Place	: **https://italpinas.com/annual-stockholders-meeting-2023-portal/**
Principal Office	: Unit 28C 28th Floor, Philamlife Building, Ayala Ave., Makati City, 1226 Metro Manila

The Annual Stockholders' Meeting will be conducted virtually in accordance with SEC MC 6 series of 2020. The Chairman/CEO and President of IDC shall preside the meeting at IDC Head Office located at Unit 28C BPI Philamlife Building, 6811 Ayala Ave., Makati City. Information regarding the said blended virtual meeting can be accessed at the link provided in IDC's website at **https://italpinas.com** The information statement is expected to be first sent or given to the security holders approximately on or before October 9, 2024.

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

Item 2. Dissenter's Right of Appraisal

The Sections 80 and 81, Title X of the Revised Corporation Code of the Philippines 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:

- Amendment of the articles of incorporation which has the effect of changing or restricting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class;
- Extension or shortening of the term of corporate existence;
- Sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation; and
- Merger or consolidation.

In any of the circumstances above, the dissenting shareholder may require the corporation to purchase its shares in accordance with the following procedure:

(a) The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares: Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right.

(b) If the proposed corporate action is implemented or affected, the corporation shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

(c) If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

The 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 stockholder unless the corporation has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting shareholders. Upon payment by the Corporation of the agreed or awarded price, the stockholders shall forthwith transfer his shares to the Corporation.

The appraisal right is also available to a dissenting stockholder in case the Corporation decides to invest its funds in another corporation or business or for any purpose other than the primary purpose as provided in Section 41 of the Revised Corporation Code of the Philippines.

There are no matters to be acted upon the meeting involving instances set forth in the Revised Corporation Code of the Philippines for which a stockholder may exercise their appraisal rights under Title X of the Revised Corporation Code of the Philippines.

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

There is no matter to be acted upon in which any director, officer, or nominee for election as director is involved or had direct, indirect or substantial interest.

No director has informed the Company in writing of his intentions to oppose any action to be taken by the Company at the annual stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

a. Number of Shares Outstanding as of 31 August 2024

Security	Issued & Outstanding Shares	Shares Owned by Foreigners	Percentage
Common	629,568,795	169,472,350	26.9188%
TOTAL	629,568,795	169,472,350	26.9188%

b. Number of Votes Entitled: One (1) vote per share

c. All stockholders of record as of 30 September 2024 are entitled to notice and to vote at the Annual Stockholders' Meeting.

d. Manner of Voting

Article 1, Section 6 of the By-Laws provides:

"Section 6. Voting – At each meeting of the shareholders, every holder of shares then entitled to vote, may vote in person or by proxy, and shall have one (1) vote for each share registered in his name. No proxy shall be voted on after six (6) months from its date, unless the proxy provides for and signifies a longer period."

All stockholders shall be entitled to cumulative voting rights with respect to the election of directors. A stockholder may vote such number of shares for as many persons as there are directors to be elected as he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may be distribute them on the same principle among as many candidates as he shall see fit: Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company as of 30 September 2024 multiplied by the whole number of directors to be elected.

e. Security Ownership of Certain Record and Beneficial Owners and Management as of June 30, 2024:

i. There were no delinquent stocks, and the direct and indirect record and beneficial owners of more than five percent (5%) of the Company's voting securities are as follows:

Title of Class	Name of Beneficial Owner & Relationship with Record Owner	No. of Shares Held and Nature of Beneficial Ownership	Citizenship	% of Class
Common	Jose D. Leviste III, Director	182,807,930 Direct	Filipino	29.04%
Common	Romolo Nati, Director	157,324,714 Direct	Italian	24.99%
Common	PCD Nominee Corporation[1] Participants acting for themselves or for their customers[2]	259,879,606 Indirect	Filipino	45.97%

1 The PCD Nominee Corporation is a wholly-owned subsidiary of the Philippine Central Depository, Inc. and is not related to the Company. It is the registered owner in the Company's books and holds shares on behalf of PCD participants and their clients.

2 Each beneficial owner of shares through a PCD participant will be the beneficial owner to the extent of the number of shares in his account with the PCD participant.

The following are known to the Company as participants of the PCD holding 5% or more of the Company's common shares:

Title of Class	Member Name	No. of Shares Held	% of Total Outstanding Shares
Common	BDO Securities Corporation	197,720,216	31.41%
Common	SB Equities, Inc.	178,004,354	28.27%
Common	COL Financial Group, Inc.	77,631,479	12.33%
Common	Mercantile Securities Corp.	36,142,520	5.74%

ii. Security Ownership of Directors and Management

Title of Class and Nature of Beneficial Ownership	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	% Of Total Outstanding Shares
DIRECTORS				
Common (Direct)	Jose D. Leviste III	Filipino	182,807,930	29.04
Common (Direct)	Romolo Nati	Italian	157,324,714	24.99
Common (Direct)	Rafael A. Dominguez	Filipino	2,839	Nil
Common (Direct)	Jose G. Araullo	Filipino	3	Nil
Common (Direct)	Dionisio A. Tejero	Filipino	1,957	Nil
Common (Direct)	Christine P. Base	Filipino	570,996	Nil
Common (Direct)	Giuseppe Garofalo	Italian	3,356,700	Nil
Common (Direct)	Gladys Ivy Echano	Filipino	14,204	Nil
Common (Direct)	Emeraldo C. Magnaye	Filipino	1,450	Nil
OFFICERS				
Common (Direct)	Jose D. Leviste III	Filipino	182,807,930	29.04
Common (Direct)	Romolo Nati	Italian	157,324,714	24.99
Common (Direct)	Michael John A. Tantoco	Filipino	0	Nil
Common (Direct)	Giuseppe Garofalo	Italian	3,356,700	Nil
Common (Direct)	Harold J. Dacumos	Filipino	38,171	Nil
Common (Direct)	Mary Ann B. Lopez	Filipino	19,575	Nil
Common (Direct)	Clara Marie Elizaga	Filipino	0	Nil
Common (Direct)	Gladys Echano	Filipino	14,204	Nil
TOTAL (All Directors and Officers – Common)			**344,138,539**	**54.66**

iii. Voting Trust Holders of 5% or More

There are no voting trust holders or similar arrangements of five percent (5%) or more.

iv. Changes in Control

No change of control in the Company has occurred since the beginning of last fiscal year, and there is no impending arrangement which will result in change in control.

Item 5. Directors and Executive Officers

Article II, Section 1 of the Company's By-Laws provides that:

"Section 1. Number of Directors; Tenure; Vacancies – The business and affairs of the Corporation shall be managed and controlled by a board of nine (9) directors, each one of whom must own in his name at least one (1) share of the capital stock of the Corporation.

Each director shall hold office for a term of one (1) year and until the election and qualification of his successor. Any director may resign at any time. In the event that any director ceases for any reason, to hold office, a new replacement director shall be elected by the remaining Directors, provided there is still a quorum, upon nomination of the shareholder who nominated the director who cease to hold office."

Article III, Section 1 of the By-Laws further state:

> "Section 1. Election/Appointment and Term of Office – At the first board meeting after the annual election of directors, the directors shall elect the Chairman of the Board and a President from among their members, a Treasurer and a Corporate Secretary. The Board of Directors shall also appoint such other agents and create standing or special committees with such powers and duties as it shall deem necessary. All of said officers shall hold office at the pleasure of the board until their respective successors are duly elected and qualified. Any two (2) or more compatible officers may be held by one (1) person."

All vacancies occurring among any of the foregoing offices may be filled for the remainder of the term by the Board of Directors provided that such vacancies shall be filled in the same manner as the person creating the vacancy was nominated and elected."

i. Attendance of Directors at Meetings of the Board of Directors and of Stockholders from date of last annual stockholders meeting until June 30, 2024; and performance appraisal

NAME	**NUMBER OF MEETINGS WITHIN TERM OF OFFICE**	**NUMBEROF MEETINGS ATTENDED**	**PERCENTAGE OF ATTENDANCE**
Romolo Nati	4	4	100%
Jose D. Leviste III	4	4	100%
Shennan A. Sy	**Resigned effective November 22, 2023**		
Dionisio Tejero	4	4	100%
Rafael A. Dominguez	4	4	100%
Jose G. Araullo	4	4	100%
Christine P. Base	4	4	100%
Emeraldo C. Magnaye	4	4	100%
Giuseppe Garofalo	4	4	100%

The Chief Compliance Officer administers an annual self-evaluation of the performance of the Board, its Committees, and management, using an assessment form with the following criteria: structure, authority, internal control, code of conduct, independence, oversight, monitoring, reporting, and shareholder benefits.

Attendance in Committee Meetings from date of last annual stockholders meeting until June 30, 2024 is as follows:

Audit, Risk Oversight, and Related Party Committee

NAME	NUMBER OF MEETINGS WITHIN TERM OF OFFICE	NUMBER OF MEETINGS ATTENDED	PERCENTAGE OF ATTENDANCE
Jose G. Araullo	2	2	100%
Christine P. Base	2	2	100%
Shennan A. Sy	**Resigned effective November 22, 2023**		

Nominations Committee

NAME	NUMBER OF MEETINGS WITHIN TERM OF OFFICE	NUMBER OF MEETINGS ATTENDED	PERCENTAGE OF ATTENDANCE
Rafael A. Dominguez	1	1	100%
Jose D. Leviste III	1	1	100%
Giuseppe Garofalo	1	1	100%

Compensation and Remuneration Committee

NAME	NUMBER OF MEETINGS WITHIN TERM OF OFFICE	NUMBER OF MEETINGS ATTENDED	PERCENTAGE OF ATTENDANCE
Dionisio A. Tejero			N/A
Rafael A. Dominguez			N/A
Romolo Nati			N/A

Corporate Governance Committee

NAME	NUMBER OF MEETINGS WITHIN TERM OF OFFICE	NUMBER OF MEETINGS ATTENDED	PERCENTAGE OF ATTENDANCE
Jose G. Araullo	1	1	100%
Rafael A. Dominguez	1	1	100%
Emeraldo Magnaye	1	1	100%

ii. Board of Directors

The following have been nominated to the Board of Directors for election at the annual stockholders' meeting on October 25, 2024:

Name	Age	Citizenship	Position (2023-2024)	Year Appointed	No. of Year/ Month
Romolo Nati	56	Italian	Director	2009	15 years
Jose D. Leviste III	44	Filipino	Director	2009	15 years
Dionisio A. Tejero	82	Filipino	Director	2019	5 years
Rafael A. Dominguez	55	Filipino	Independent Director	2016	8 years
Jose G. Araullo	86	Filipino	Independent Director	2015	9 years
Christine P. Base	54	Filipino	Director	2015	9 years
Emeraldo C. Magnaye	64	Filipino	Independent Director	2021	3 years
Giuseppe Garofalo	36	Italian	Director	2022	2 years
Gladys Ivy M. Echano	47	Italian	Director	2024	6 months

The nomination for the above nominees for the year 2024-2025 were submitted by Romolo Nati and Jose D. Leviste III.

The Company has adopted SRC Rule 38 and SEC Circular No. 16, Series of 2002 on the Guidelines on Nomination and Election of Independent Directors as stated in the By-Laws dated July 15, 2015 and Manual on Corporate Governance of Italpinas. The Board of Directors likewise approved the amendments to the Manual of Corporate Governance to adopt SRC Rule 38.

Only nominees whose names appear on the final list of candidates are eligible for election as directors. No nominations will be entertained or allowed on the floor during the Annual Stockholders' Meeting.

The following are the business experiences and summary of qualifications of the Incumbent Directors:

Arch. Romolo Nati, 56 years old, Italian, is a multi-awarded green architect, sustainable developer and multi-awarded car designer (BMW and Mitsubishi). He has been awarded in Italy, Estonia and the Philippines. He graduated "Summa Cum Laude" in Architecture in Rome at the University of Rome "La Sapienza" and has a Specialization Course in Urban Landscape and Layers from University of Tallin, Estonia. He has also completed the Executive Masters in Business Administration from Asian Institute of Management, Philippines in 2019. Arch. Nati is primarily responsible for the overall management and implementation of IDC's projects. He particularly enjoys working in a team environment, collaborating with the development and design teams from concepts, early site and product development through project sell-out. Arch. Nati also serves as the Chairman of Damiani Property Management and Services Inc. and Vice Chairman of Constellation Energy Corporation.

Atty. Jose Dayrit Leviste, III, 44 years old, Filipino, earned his degree in Law at the University of New South Wales in Australia and was Associate Attorney at Toda & Co. Commercial Lawyers in Australia. Atty. Leviste also serves as the President of Constellation Energy Corporation, Damiani Property Management and Services Inc. as well as Asian Arc Philippines. Atty. Leviste is also in charge of strategic decision for the company, such as acquisition of new properties and agreements with different partners. He also helps conceptualize the Company's plans for future expansion. He is a Director of Pacific Rim Innovation and Management Exponents, Inc. and Ankar Pharma.

Atty. Dionisio Tejero, 82 years old, Filipino, founding and senior partner of the law firm D. A. Tejero & Amoranto Law Offices. He was a vice-president and associate general counsel of San Miguel Corporation when he retired on December 31, 1990 after more than 17 years of service. He was also San Miguel's lead counsel in Industrial Relations. His service and advice covered the development of Industrial Relations Strategies and policies for Collective Bargaining Agreement (CBA) negotiations and its administration, effective communications programs, the training and development of managerial personnel, enhancement of labor productivity and the promotion of industrial peace. He has also been a resource person for seminars and training programs on Labor Relations and Technology Transfer conducted by the U.P. Law Center, SOLAIR, the Department of Trade and Industry, the Department of Labor and Employment and various companies. He finished his Bachelor of Arts course in 1962 and Bachelor of Laws in 1967 at the University of the Philippines. He passed the Bar Examinations in 1967 and has been a law practitioner since then.

Mr. Jose G. Araullo 86 years old, Filipino, held various top management positions for over 14 years in a group of companies that includes the country's largest commercial bank. Joe was senior vice president of the bank itself and held CEO- and COO-level positions in the network's savings bank, credit card, securities and investment companies. He was president of PICPA in 1985 and again in 1986, and of the Bankers Institute of the Philippines in 1985. In 1992, PICPA honored him as Most Outstanding CPA in Public Practice. He obtained his bachelor's degree in accountancy from San Beda College, which selected him in 2001 as one of the Outstanding Bedans of the Century, and established the Jose G. Araullo Distinguished Professorial Chair in Auditing in recognition of his significant contributions to the advancement of the accountancy profession. Mr. Araullo is also the Chairman of The Real Bank (A Thrift Bank), Inc. He is also President of Fontana Resort and Country Club, Inc. as well as a Director in Philippine Savings Bank.

Mr. Rafael A. Dominguez, 55 years old, Filipino, Mr. Dominguez served as Director, SVP, and Owner's Representative of The Linden Suites from the year 2004 up to June 30, 2016. Thereafter, up to the present date, he is serving as The Linden Suite's President and Owner's Representative. He is also presently a director of Marco Polo Davao and PTFC Redevelopment Corporation, for which he has served as such since 2004 and 2009, respectively. He graduated from Xavier University, Ateneo de Cagayan in 1991, and obtained his Master's Degree in Business Administration in 2001 from Boston College.

Atty. Christine P. Base, 54 years old, Filipino, served as the Corporate Secretary and at the same time Director of the Company for six years. She is also the Corporate Secretary and a member of the Audit committee of the Anchor Land Holdings, Inc. since April 10, 2007. She is currently a Corporate and Tax Lawyer at Pacis and Reyes, Attorneys and the Managing Director of Legisforum, Inc. She is the Corporate Secretary of Araneta Properties, Inc., Active Alliance Incorporated, Asiasec Equities, Inc. and Ever- Gotesco Resources and Holdings, Inc. She is a director and/or corporate secretary of several private corporations. She was an Auditor and then Tax Lawyer of Sycip, Gorres, Velayo & Co. She is a graduate of Ateneo De Manila University School of Law with a degree of Juris Doctor. She passed the Bar Examination in 1997. Ms. Base is also a Certified Public Accountant. She graduated from De La Salle University with a degree of Bachelor of Science in Commerce major in Accounting.

Major General Emeraldo C. Magnaye, 64 years old, Filipino, graduated as “Magna Cum Laude” and No. 2 in PMA “Matikas” Class of 1983. He earned his Bachelor of Science Degree in Electrical Engineering at the University of the Philippines Diliman. His civilian schooling includes: Graduate Diploma in Information Systems at University of Melbourne, Graduate Course in Business Economics at University of Asia and the Pacific, locally conducted Executive Course in Governance and Management of Defense by the Defense Academy of United Kingdom locally conducted in Manila by Cranfield University and the 15th Executive Course on National Security by the Defense Management Institute at the National Defense College of the Philippines. Some of his military education includes: Philippines- Australia Integrated Logistics Support Awareness Course, Basic Staff Course at Royal Australian Air Force (RAAF) College, Point Cook Australia, Instructors Technique Course in RAAF Base William town, Command and Staff Course at Air Command and Staff College, PAF and a lot more. While he was the Vice Commander of the Philippine Air Force, he was appointed as trustee of the Mutual Benefit Association, Inc. (MBAI). After his retirement in the AFP on May 20, 2016, he was designated to manage the Mactan Island Golf Club in Lapu-Lapu City Cebu, one of the premier golf club in Central Visayas, while serving as elected trustee of AFPSLAI for more than one term before he was chosen as its Executive Vice President and General Manager. He was later elected as the President and CEO of the association until July 21, 2020.

Giuseppe Garofalo, 36 years old, Italian, earned his degree in Civil Engineering at the University of Calabria in Italy. He also has a Master’s degree in Structural Engineering at the Polytechnic of Turin (Italy). Currently he is PMP certified from Project Management Institute. He is a professional Civil Engineer with 10+ years of experience in design, project management and sustainable real estate development. As Chief Operating Officer, he is leading the execution of the Company’s multimillion- dollar property portfolio through lifecycle from business development, pre-development, sales and marketing, construction, up to turn-over of the projects.

Ms. Gladys M. Echano, 47 years old, Filipino, is a licensed Real Estate Broker who is responsible for the sales force management, sales accounts management, business development, market research, advertising and promotions, events organization and public relations representing IDC’s Primavera Sales Office in Cagayan de Oro. She graduated with a degree in Business Management at the Xavier University, Ateneo de Cagayan.

iii. Officers

The officers of the Company are appointed by the Board of Directors and their appointment as officers may be terminated at the will by the Board of Directors. The table below shows the name and position of Italpinas officers as of June 30, 2024:

Name	**Position**	**Age**	**Year Appointed**	**No. of Year/ Month**
Romolo Nati*	Chairman	56	2009	15 years
Jose D. Leviste III*	President	44	2009	15 years
Giuseppe Garofalo*	Chief Operations Officer and Treasurer	36	2022	2 years
Harold J. Dacumos	SVP & Head of Banking and Business Operations Development	71	2010	14 years
Mary Ann B. Lopez	VP for Finance and Administration	57	2015	9 years
Clara Marie Asuncion Elizaga	Senior Director for Operations and Investors Relation	48	2017	7 years
Gladys M. Echano*	National Sales Head	47	2015	9 years
Michael John A. Tantoco, Jr.	Corporate Secretary	33	2022	2 years
Aleli M. Cordero	Assistant Corporate Secretary	63	2021	3 years

**Member of the Board of Directors*

Mr. Harold J. Dacumos, 71 years old, Filipino, has over 30 years of experience in the field of banking and finance. He is responsible for the sourcing of funds and the overall financial and accounting management of the company. He also supports the company in business development and strategic planning. He maintains good and long-term business relationships with banks, other financial institutions and investors to support the company's financial requirements to develop its various projects. Mr. Dacumos graduated from the University of the Philippines, Diliman with a degree in Business Administration. He also has a Master's degree in Urban and Regional Planning from the same University. Mr. Dacumos also has a Master's in Business Administration from De La Salle University. He also attended the Senior Business Economic Program from the University of Asia and the Pacific.

Ms. Mary Ann B. Lopez, 56 years old, Filipino, is a Certified Public Accountant who is responsible for the overseer of Finance Department. Her functions include financial reporting and analysis, policy recommendations and assurance of compliance with financial regulations. She provides financial and administrative services in the area of accounting, disbursements, fund management, procurement, budgeting and asset management. Ms. Lopez attended her first two years in college at the University of Santo Tomas. She then transferred to the University of the East where she graduated with a Degree in Business Administration major in Accounting. She was a consistent scholar during her college years. She attended various seminars on tax compliance and updates. She is a member of Philippine Institute of Certified Public Accountants (PICPA).

Ms. Clara Marie Asuncion G. Elizaga, 46 years old, Filipino, is a licensed Environmental Planner who is responsible for the post sales operations, collections, property management and operations planning, relationship management, corporate affairs and public relations. As head of Corporate Affairs, she represents IDC in Cagayan de Oro and coordinates with government sector and business community. She formerly worked with the SM Supermalls group serving as Mall Manager for SM City Cagayan de Oro for six years. She is one of the pioneer Industrial Designers in Northern Mindanao. She recently finished her studies in Master in Business Administration major in Strategy at the Asian Institute of Technology in Thailand. She is a recipient of the Goldman Sachs 10000 Women global initiative. She graduated Cum Laude with a degree in Bachelor of Science in Industrial Design at De La Salle University.

Atty. Michael John A. Tantoco Jr., 32, Filipino, is currently focused on corporate and commercial transactions, publicly listed company compliance, energy, data privacy, immigration, estate settlement, labor, and litigation. Atty. Tantoco's experience extends to assisting clients, both local and foreign, in matters concerning their incorporation, structuring, reorganization, regulatory compliance, mergers and acquisitions, due diligence, legal opinion drafting, compliance by publicly listed companies, energy related matters, data privacy compliance and best practices, visa application and renewal, estate settlement, and civil and criminal litigation. Atty. Tantoco also represents clients before several regulatory bodies such as the Securities and Exchange Commission, Philippine Stock Exchange, Philippine Economic Zone Authority, Department of Energy, Energy Regulatory Commission, Bureau of Immigration, Bureau of Internal Revenue, Department of Labor and Employment, National Labor Relations Commission, and various Trial Courts. Atty. Tantoco received his bachelor's degree in Business Management with a Minor in Entrepreneurial Development from the Ateneo de Manila University in 2013 and graduated with his Juris Doctor degree at the Ateneo Law School in 2017.

Atty. Aleli Manimtim-Cordero, 62 years old, is the Company's Legal Counsel. She was previously VP-Group Legal Head of Philsteel Holdings Corporation. She was also a former Partner at De Jesus Paguio & Manimtim Law Offices, during which time she acted as Corporate Secretary, and directed regulatory compliance for the firm's clients. She was Legal Consultant to foreign funded foundations, specifically Light of All Nations Missions, Inc., School of Tomorrow Philippines, and the Purple Fund (formerly Philippine Christian Foundation). She was likewise a Professorial Lecturer at the College of Law of Adamson University, San Sebastian College Recolletos, and Pamantasan ng Lungsod ng Maynila. She earned her undergraduate and law degrees from the University of the Philippines, Diliman Campus.

iv. Significant Employees

No single person is expected to make a significant impact since the Company considers all its employees to be significant partners and contributors to the business.

v. Family Relationships

There are no family relationships, either by affinity or consanguinity up to the fourth civil degree among the directors, executive officers and persons nominated and chosen by the Company to become directors and executive officers.

vi. Involvement in Certain Legal Proceedings

To the knowledge of the Company, there has been no occurrence of any of the following events during the past five (5) years up to the present involving the directors, officers or members of the Company:

(a) any bankruptcy, petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to the time;

(b) any conviction by final judgment of any offense in any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(c) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities; and

(d) found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated.

There are no legal proceedings to which the Company or any of its properties is involved in or subject to, that would have a material adverse effect on the business or financial position of the Company, considering that the following cases filed by the Company, and filed against the Directors of the Company were related to the Condominium Corporation, which are as follows:

Date Filed	Case No.	Case Title/Parties	Venue	Nature of Action
October18, 2017	CV-ORD-2018-881	IDC vs. Atty. Gael Paderanga, Ma. Olivia Gonzales and Kretzyl Abdon	RTC-Cagayan de Oro	For Accounting & production of documents relating to Condominium Corporation
November 9, 2017	CR-ORD-2018-3105	People vs.Marie Cristy Lugtu	RTC-Cagayan de Oro	For Cyber Libel arising from statements posted on Facebook
August17, 2018	CV-ORD-2018-881	IDC vs. Atty. Gael Paderanga, Ma. Olivia Gonzales, Engr. Marie Cristy Lugtu, Ma. Carmela Lee, Clyde Talampas and Kretzyl Abdon	RTC-Cagayan de Oro	For Indirect contempt arising from the failure and refusal of the respondents to abide by the Temporary Restraining Order issued by the Court in CV-ORD-2018-791
November 23, 2018	R-MKT-17-02580-CV	IDC vs. Marie Cristy Lugtu	RTC-Makati	For CivilDamages arising from Criminal Case No. CR-ORD-2018-3105
November 23, 2018	R-MKT-18-04974-CV	IDC vs. Marie Cristy Lugtu	RTC-Makati	For Civil Damages for Malicious Prosecution
November 23, 2018	RMKT-18-04-973-CV	IDC vs. Atty. Gael Paderanga	RTC-Makati	For Civil Damages arising from Criminal Case No. CR-ORD-2018-2104
February, 2021	CA-GR SP No. 09620-MIN	Atty. Gael Paderanga vs. Judge Emmanuel Pasal& IDC	Court of Appeals	For Certiorari & Prohibition arising from the denial of the Motion to Quash filed by herein Petitioners in Criminal Case No. CR-ORD-2018-3104

vii. Trainings and Continuing Education for the Directors and Key Officers

The Company recognizes the value of having a Board and Management undergo professional development programs through the attendance of industry or function relevant courses, conferences and seminars. In 2024 the Board of Directors and Key Officers attended the following seminars:

DIRECTORS AND KEY OFFICERS	SEMINAR ATTENDED	DATE
Romolo Nati	New Year SEC Updates & Compliance	January 31, 2024
Jose D. Leviste III	New Year SEC Updates & Compliance	January 31, 2024
Rafael A. Dominguez	New Year SEC Updates & Compliance	January 31, 2024
Christine P. Base	New Year SEC Updates & Compliance	January 31, 2024
Giuseppe Garofalo	Risk Management in the Post-Covid Age ESG Trends in the Asia-Pacific Region	December 13, 2023 November 8, 2023
Emeraldo G. Magnaye	New Year SEC Updates & Compliance	January 31, 2024
Dionisio A. Tejero	New Year SEC Updates & Compliance	January 31, 2024
Michael John A. Tantoco Jr.	Risk Management in the Post-Covid Age	December 13, 2023
Aleli Manimtim-Cordero	Gender Equality in Global Markets	March 6, 2024

viii. Resignation of Directors

Atty. Shennan A. Sy resigned as Member of the Board effective November 22, 2023.

ix. Certain Relationships and Related Transactions

As of June 30, 2024, the following is a summary of the director who owns ten percent (10%) or more of the outstanding shares of the Company.

Name of Company and Director	Position Held	Percentage of Voting Securities
Jose D. Leviste III	Director / President	29.04%
Romolo Nati	Chairman/ CEO	24.99%

The Company, in the ordinary course of business, engages in transactions with its related parties.

The Company's policy with respect to related party transactions is to ensure that these transactions are entered into on terms at least comparable to those available from unrelated parties. Related party transactions were disclosed in the notes of the financial statements.

The details of the Company's related parties are summarized as follows:

Name of Related Party	Relationship	Country of Incorporation
Constellation Energy Corporation (CEC)	Associate	Philippines
Primavera Residences Condominium Corporation (PRCC)	Affiliate	Philippines
Individuals	Key Management Personnel / Shareholders	-
IDC Homes, Inc., formerly LBD Land, Corporation	Subsidiary	Philippines
IDC Prime, Inc., formerly IDC Land Corporation	Subsidiary	Philippines
Prima Management Corporation	Subsidiary	Philippines

Outstanding balances and significant transactions with related parties are as follows:

	Advances to related parties		Transactions		Terms and conditions	Security	Nature of consideration to be provided upon settlement	Guarantees given or received	Impairment loss (June 30)		Allowance for impairment loss (June 30)	
	June 30, 2024	December 31, 2023	**June 30, 2023**	December 31, 2023					**2024**	2023	**2024**	2023
Individuals												
Shareholders	**₱19,125,054**	₱27,069,761	**(₱7,944,707)**	₱12,558,803	Subject to liquidation	Unsecured	Cash	None	**₱-**	**₱-**	**₱-**	**₱-**

	Advances from related parties		Transactions		Terms and conditions	Security	Nature of consideration to be provided upon settlement	Guarantees given or received
	June 30, 2023	December 31, 2023	**June 30, 2024**	December 31, 2023				
Associate CEC	**₱-**	₱15,964,553	**(₱15,964,553)**	**₱-**	Unsecured	Cash	None	Cash

The Group made advances to major stockholders for the purpose of installing facilities in the Group's projects and providing services that would help achieve the Group envisioned project design. These cash advances are non-interest bearing, unsecured and are subject to liquidation upon utilization. Based on management's assessment, there is no indication of impairment and the carrying values of these advances to shareholders are deemed realizable as at March 31, 2023 and December 31, 2022.

Item 6. Compensation of Directors and Executive Officers

Key management compensation consists of salaries and other short-term benefits. There are no long-term compensation and post-employment and termination benefits of key management personnel.

i. Executive Compensation

For the calendar year ended/ending 31 December 2023, 2022 and 2021, the total salaries, allowances and bonuses paid/estimated to be paid to all other officers as a group unnamed is as follows:

SUMMARY COMPENSATION TABLE

Actual Compensation for 2023

Name	Position	Salary	Bonus	Others	Total
Jose D. Leviste III	*President*	₱20.290 Million	₱1.587 Million	₱3.447 Million	**₱25.324 Million**
Romolo Nati	*Chairman & CEO*				
Giuseppe Garofalo	Chief Operating Officer				
Harold J. Dacumos	*SVP for Banking and Business Development*				
Mary Ann B. Lopez	*VP for Finance and Administration*				
Gladys Ivy M. Echano	*Senior Director for Sales*				
Clara Marie G. Asuncion Elizaga	*Senior Director for Operations and Investors Relations*				

Actual Compensation for 2022

Name	Position	Salary	Bonus	Others	Total
Jose D. Leviste III	*President*	₱19.040 Million	₱1.567 Million	₱4.517 Million	**₱25.124 Million**
Romolo Nati	*Chairman & CEO*				
Giuseppe Garofalo	Chief Operating Officer				
Harold J. Dacumos	*SVP for Banking and Business Development*				
Mary Ann B. Lopez	*VP for Finance and Administration*				
Gladys Ivy M.Echano	*Sales Director – Primavera Sales Office*				
Ivan Salandanan	*Marketing & Sales Head - Luzon*				
Clara Marie G. Asuncion Elizaga	*Director for Corporate Affairs – Primavera Office*				

Actual Compensation for 2021

Name	Position	Salary	Bonus	Others	Total
Jose D. Leviste III	*President*	₱21.517 Million	₱1.542 Million	₱3.075 Million	**₱26.135 Million**
Romolo Nati	*Chairman & CEO*				
Giuseppe Garofalo	Chief Operating Officer				
Harold J. Dacumos	*SVP for Banking and Business Development*				
Mary Ann B. Lopez	*VP for Finance and Administration*				
Gladys Ivy M. Echano	*Sales Director – Primavera Sales Office*				
Welna Go	*Chief Admin Officer*				
Clara Marie G. Asuncion Elizaga	*Director for Corporate Affairs – Primavera Sales Office*				

Except for the salaries and bonuses stated above, the directors did not receive other allowances or per diems for the past and ensuing year. Performance based bonuses may be given to management and key executives within reasonable standards and according to appropriate indicators. There are no other existing arrangements/agreements under which directors are to be compensated during the last completed fiscal year and the ensuing year.

ii. Compensation of Directors

Article II, Section 5. Compensation – Directors shall be entitled to reasonable traveling and accommodation expenses for the attendance of any meeting of the Board of Directors and to such compensation as granted by the vote of the stockholders representing at least a majority of the outstanding capital stock at a regular or special stockholders' meeting. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity as an officer, agent, or otherwise and receiving compensation therefore.

The stockholders ratified a resolution at its meeting on 20 August 2015 authorizing the compensation of Directors to be Php10,000.00 for every board, committee meeting and stockholders' meeting attended.

On 17 October 2018, the Compensation and Remuneration Committee ratified a resolution approving the per-diem of Php3,000.00 to all members of the Board of Directors for every meeting attended. Further, members of the Board of Directors will be receiving quarterly remunerations as well.

For the year 2023 the directors of the Company received the following per diems and bonuses:

NAME	Per Diem		Bonus	Total
	Board Meetings	Committee Meetings		
Romolo Nati	36,000		36,000	72,000
Jose D. Leviste III	36,000		36,000	72,000
Shennan A. Sy	36,000		36,000	72,000
Dionisio Tejero	36,000		36,000	72,000
Rafael A. Dominguez	36,000		36,000	72,000
Jose G. Araullo	36,000		36,000	72,000
Christine P. Base	36,000		36,000	72,000
Emeraldo C. Magnaye	36,000		36,000	72,000
Giuseppe Garofalo	33,000		36,000	72,000

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

The above-named executive officers are covered by contracts with the Company stating therein their respective job functionalities, among others.

iii Warrants and Options Outstanding

At a meeting of the Corporation's Board of Directors held on October 8, 2024, the Board approved the creation of an Employee Stock Option Plan (the "ESOP") for the benefit of the Corporation's Chief Operating Officer, Giuseppe Garofalo. The president explained that under the terms of the ESOP a total of twenty-five million (25,000,000) shares shall be allocated as an awarded to Mr. Garofalo, further to a vesting period. The first fifteen million of the shares shall vest upon the effectivity of the Plan, contingent on securing regulatory approvals. Ten million shares shall vest in equal tranches in 2025 and 2026. The purpose for implementing the ESOP is as follows:

a. Ensure that the interests of management are aligned with those of the shareholders, further motivating the Officers to make decisions that drive long-term growth and sustainable profitability;
b. Incentivize high-level performance;
c. Retention of key talents through incentivizing dedication and tenure with the Corporation; and
d. To provide a remuneration package with high upside potential.

The ESOP shall take the form of restricted stock units, whereby the COO shall be awarded the right to receive shares of stock of the Corporation upon meeting certain tenure requirements. Such awards shall be considered as part of the COO's compensation.

Item 7. Independent Public Accountants

i. MOORE Roxas Tabamo & Co. (formerly named MOORE Roxas Cruz Tagle & Co., hereinafter referred to as "MOORE Roxas") is the Independent Public Accountant (External Auditor) of Italpinas. The signing auditor is Mr. Warren M. Urriza. The same accounting firm is being recommended for reelection for the incoming year and will be submitted to the stockholders for their confirmation and approval

ii. Duly authorized representatives of MOORE Roxas are expected to be present at the Annual Meeting of Stockholders and they will have the opportunity to make statements if they desire to do so and are expected to be available to respond to appropriate questions. Under the existing regulation of the Securities and Exchange Commission, the registrant shall change its external auditor or rotate the engagement partner every five years.

Pursuant to the General Requirements of the Revised SEC Rule 68, Par. 3 (*Qualification of Independent Auditors*) the Company has engaged MOORE Roxas Tabamo & Co. as its external auditor. Considering that the assigned partner of MOORE Roxas has been the Corporation's independent public accountant since year 2015, rotation is not necessary.

iii. Disagreement on any matter of accounting principle or practices, FS disclosures, etc.

There were no disagreements on accounting and financial disclosures with the previous and current handling partner.

iv. Changes in and disagreements with accountants on accounting and financial disclosure.

There are no changes in and any disagreements between the Company and the Independent Public Accountant on any Accounting and Financial Disclosure related matters.

v. Audit Related- Fees

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Fees approved in connection with the audit and audit-related services rendered by MOORE Roxas pursuant to the regulatory and statutory requirements for the years ended 31 December 2023, 2022, 2021 and 2020 amounted to PHP1,932,000 PHP2,318,400, Php1,030,400 and Php 966,000 respectively.

MOORE Roxas was not engaged for any non-audit services for the years it has served as the Company's independent auditor.

Mr. Jose G. Araullo is the Chairman of the Audit Committee while Atty. Christine P. Base and Atty. Shennan A. Sy are members. Mr. Araullo is an Independent Director of Italpinas.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

There are no matters or actions to be taken up in the meeting with respect to authorization or issuance of securities other than for exchange.

On 23 February 2021, the Company filed with the Securities and Exchange Commission (SEC) Company Registration and Monitoring Department its application for the amendment of the Articles of Incorporation relative its increase in authorized capital stock (the "Application").

On November 22, 2021 the SEC has approved the Application.

On November 26, 2021, the SEC issued the Order authorizing the issuance of 195,383,420 common shares of the par value of P0.50 or P 97,691,710.00 to cover stock dividends declared on September 25, 2020 by its Board of Directors and ratified by the Corporation's stockholders representing at least 2/3 of the outstanding capital stock on January 22, 2021 and the issuance of shares of stocks to stockholders of record as of December 20, 2021. Payment date was on January 14, 2022.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up in the meeting with respect to modification of securities. The Board of Directors, however, approved additional issuance of shares of up to 20% of unissued shares for the acquisition of properties through private placements of property for share, cash for share, or property plus cash for share. Consequently, the details of such private placements need to be delegated to ensure that the Corporation can act expeditiously when opportunities arise.

Item 11. Financial and Other Information

The audited financial statements as of December 31, 2023 and Management's Discussion and Analysis are attached hereto. In addition, the 1st Quarter 2024 and 2nd Quarter 2024 Interim Financial Statements are also attached.

The Company is in sound financial position, with retained earnings subject of appropriation for future developments, and has no pending or impending bankruptcy, receivership, liquidation or similar proceedings.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There are no matters or actions to be taken up in the meeting with respect to material re-classification, merger, consolidation, acquisition by, sale of significant amount of assets not in the ordinary course of business of the Company.

Item 13. Acquisition or Disposition of Property

There are no matters or actions to be taken up in the meeting with respect to acquisition or disposition of any property by the Company.

Item 14. Restatement of Accounts

There is no record or restatement of any account for the year ended December 31 ,2023.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

i. Approval of the Minutes of the 2023 Annual Stockholders' Meeting held on September 18, 2023 covering the following matters:

(a) Call to order;
(b) Proof of notice and due calling of meeting;
(c) Determination of a quorum;
(d) Approval of the Minutes of the Regular Meeting of the Stockholders held on September 18, 2023;
(e) Report of the President;
(f) Presentation and approval of the Financial Statements as of December 31, 2022;
(g) Ratification of acts of the Board of Directors and Officers;
(h) Election of the members of the Board of Directors;
(i) Appointment of external auditors;
(j) Delegation of authority to the Board for private placement transactions
(k) Other Matters; and
(l) Adjustment.

A copy of the minutes to be approved is attached to this Information Statement as Annex "B".

ii. Resolutions for Ratification by the Stockholders

At the Annual Stockholders' Meeting, stockholders will be asked to approve and ratify all acts of the Board of Directors and management as of June 30, 2024. These include, but not limited to:

a) Authorizing IDC to apply for accreditation and/or open accounts and/or secure loan/credit accommodation from various banks;
b) Authorizing IDC to apply for import permit
c) Appointing & authorizing specified employees to represent the Corporation in transacting with various government agencies, or in prosecuting claims with the Courts on its behalf;
d) Authorizing the printing of Official Receipts

Item 16. Matters Not Required to be Submitted

Other than election to office, there is no matter to be acted upon during the Annual Stockholders' Meeting to which a beneficial owner, director or officer has any substantial interest.

No director has informed in writing of his intention to oppose any action to be taken during the proposed Annual Stockholders' meeting.

Item 17. Amendment of Charter, By-laws or Other Documents

There will be no proposed amendments brought before the stockholders in the 2023 Annual Stockholders' Meeting.

Item 18. Other Proposed Action

i. Election of the Members of the Board of Directors, for the ensuing calendar year.
ii. Ratification of Election of External Auditors.

Item 19. Voting Procedures

Except in cases where a higher vote is required under the Revised Corporation Code, the approval of any corporate action shall require the majority vote of all the stockholders present in the meeting, if constituting a quorum.

In the election of directors, each common shareholders of record as of October 2, 2024 is entitled to as many votes as there are directors to be elected. A stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

All proxies must be in the hands of the Corporate Secretary on or before October 14, 2024. Such proxies filed with the Corporate Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Corporate Secretary prior to a scheduled meeting or their personal attendance at the meeting.

The Corporate Secretary in coordination with the Stock and Transfer Agent shall settle questions and issues relating to the validity and sufficiency, both as to form and substance, of proxies resolved. The Corporate Secretary's decision shall be final and binding upon the shareholders. Any such question or issue decided upon by the Corporate Secretary shall be deemed settled and those not brought shall be deemed waived and may no longer be raised during the stockholder's meeting.

Since the meeting is by remote communication, the following voting procedure will be followed:

Stockholders who have successfully registered shall be notified via email from the Office of the Corporate Secretary of their validated registration for the ASM. Registered stockholders can then cast their votes for specific items in the agenda by voting online at 2024 IDC ASM with their log-in credentials.

1. Validated registered shareholders can vote online on each agenda item on the ballot print-out. A brief description of each item for stockholders' approval can be found in the Information Statement.

2. A stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval except for the election of directors where every stockholder will be entitled to cumulate his votes.

3. Once the stockholder has finalized his vote, he can proceed to submit his ballot online no later than **October 24, 2024** at 12 midnight (Manila time), the closing date of voting. Voting shall be conducted

through, and results certified by Vero Voting prior to submission to the Corporate Secretary.

Votes of the shareholders shall come from two streams, the first are those that are cast *in absentia* through the online voting portal mentioned above, and the other shall be through the polls that will be set up during the virtual meeting. The counting and tabulation of the votes shall be done by summing the votes cast through the online voting portal (which shall be automatically generated by such portal) with the votes cast during the meeting.

Item 20. Shareholder Participation Through Remote Communication

Due to the COVID-19 Pandemic the Company will dispense with physical attendance of stockholders in the Annual Meeting and will allow attendance only through remote communication or voting in absentia.

Shareholder participation in the Annual Meeting shall be done via Zoom Videoconferencing. The details will be made available at a later date and to shareholders who express their intention to attend the meeting through such means.

As mentioned above, the detailed procedure for participation through remote communication is detailed in Annex .

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on October 8, 2024

MICHAEL JOHN A. TANTOCO JR.
Corporate Secretary

UPON WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A FREE OF CHARGE. SUCH WRITTEN REQUEST SHOULD BE DIRECTED TO MICHAEL JOHN A. TANTOCO JR., 8TH FLOOR, DPC PLACE, 2322 CHINO ROCES AVENUE, MAKATI CITY.

ANNEX "A"

ITALPINAS DEVELOPMENT CORPORATION
ANNUAL STOCKHOLDERS' MEETING
October 25, 2024 at 3:00 PM (Manila Time)

Guidelines for Participating via Remote Communication and Voting in Absentia

The Annual Stockholders' Meeting (ASM) of **ITALPINAS DEVELOPMENT CORPORATION** ("IDC" or the "Company") is scheduled on **October 25, 2024 at 3:00 PM (Manila Time).** The record date for determination of stockholders entitled receive notice for, to attend, and to vote at such meeting and any adjournment thereof shall be the end of trading hours of the Philippine Stock Exchange on **October 2, 2024**

In light of the ongoing community quarantine imposed in several areas of the country and in consideration of health and safety concerns of everyone involved, IDC shall allow attendance, participation and voting by stockholders via remote communication or in absentia pursuant to Sections 49 of the Revised Corporation Code of the Philippines and SEC Memorandum Circular No. 6-2020.

Step 1. Pre- ASM Registration/Validation/Voting Procedures

Stockholder must pre-register online through [https://idc-reg.verovoting.com.au/] to participate in the ASM via remote communication or to exercise their right to vote in absentia or vote by proxy. They may also vote by proxy by sending the documentary requirements with transmittal letter addressed to the Office of the Corporate Secretary, at 8th Floor DPC Place 2322 Chino Roces Ave., Makati City Makati City VIA COURIER/PERSONAL DELIVERY OR scanned copies of these documents by October 14, 2024 to corporatesecretary@italpinas.com with return-receipt.

Pre-registration at [https://idc-reg.verovoting.com.au/] by uploading all the documentary requirements should be made no later than October 24, 2024.

Meanwhile, the following complete/accurate documentary requirements with transmittal letter MUST BE SENT TO AND RECEIVED by the Office of the Corporate Secretary no later than June 23, 2023 for those that opt to vote by Proxy on manually filled ballot:

• For Certificated Individual Stockholders

1. A clear copy of the stockholder's valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) showing photo, signature and personal details, preferably with residential address

2. Stock certificate number/s

3. A valid and active e-mail address and contact number of stockholder

4. If appointing a proxy, duly accomplished and signed proxy indicating the votes on the agenda items. Proxy form can be downloaded from IDC'S' website www.italpinas.com and at 2024 IDC ASM

If sending via email, attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

• For Certificated Multiple Stockholders or Joint owners

1. A clear copy of the ALL stockholders' valid government-issued IDs (such as passport, driver's license, or unified multipurpose ID) showing photo, signature personal details and contact number, preferably with residential address

2. Stock certificate number/s

3. A valid and active email-address and contact number of authorized representative

4. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders (need not be notarized)

5. If appointing a proxy, duly accomplished and signed proxy indicating the votes on the agenda items. Proxy form can be downloaded from IDC'S' website www.italpinas.com
and at [2024 IDC ASM]

If sending via email, attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

• For Certificated Corporate/Partnership Stockholders

1. Secretary's Certification of Board resolution attesting to the authority of representative to participate by remote communication for, and on behalf of the Corporation/Partnership

2. Stock certificate number/s

3. A clear copy of the valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) of stockholder's authorized representative showing photo, signature and personal details, preferably with residential address

4. A valid and active email-address and contact number of authorized representatives for verification

5. If appointing a proxy, duly accomplished and signed proxy indicating the votes on the agenda items. Proxy form can be downloaded from IDC'S' website www.italpinas.com at [2024 IDC ASM]

If sending via email, attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

• For Stockholders with Shares under PCD Participant/Broker Account

1. Certification from broker as to the number of shares owned by stockholder with contact details of PCD Participant/Broker for verification. Please note that should IDC be unable to verify the shares of a shareholder because the PCD Participant/Broker is inaccessible, this may result to failure of registration of concerned shareholder.

2. A clear copy of the stockholder's valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) showing photo, signature and personal details, preferably with residential address

3. A valid and active email-address and contact number of stockholder or proxy

4. If appointing a proxy, duly accomplished and signed proxy indicating the votes on the agenda items. Proxy form can be downloaded from IDC'S' website www.italpinas.com and at [2024 IDC ASM]

If sending via email, attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

Stockholders will receive an e-mail reply from IDC'S' Office of the Corporate Secretary as soon as practicable. The Office of the Corporate Secretary's email reply will either confirm successful registration and provide the link/meeting details to IDCS' 2023 ASM OR require submission of deficient documents. If you have not received any email reply, please call tel. nos. (632) 8893 0328/ (632) 8889 8677 c/o Feria Tantoco Daos Law Offices.

Important Reminders:
-Please refrain from sending duplicate and inconsistent information/documents as this can result in failed registration.
-All documents/information shall be subject to verification and validation by the Company.
-Each successful registration will be counted to determine quorum. However, should a successful registrant fail to cast his/her vote, the Chairman of the meeting shall be automatically appointed/designated as proxy to cast the vote of said registrant.

Step 2: Voting in Absentia Procedure

Stockholders who have successfully registered shall be notified via email from the Office of the Corporate Secretary of their validated registration for the ASM. Registered stockholders can then cast their votes for specific items in the agenda by voting online at [https://idc-voting.verovoting.com.au/] with their log-in credentials.

1. Validated registered shareholders can vote online on each agenda item on the ballot print-out. A brief description of each item for stockholders' approval can be found in the Information Statement

1.1 A stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval except for the election of directors where every stockholder will be entitled to cumulate his votes.

2. Once the stockholder has finalized his vote, he can proceed to submit his ballot online no later than **October 24, 2024** at 12 midnight (Manila time), the closing date of voting.

Step 3: Virtual ASM

The ASM will be broadcasted live and stockholders who have successfully registered can participate via remote communication. Details of the meeting will be sent to stockholders in the emails provided by IDC. Instructions on how to access the broadcast will also be posted at with this link [https://italipinas.verovoting.com.au/]

Video recordings of the ASM will be adequately maintained by the Company and will be made available to participating stockholders upon request. Stockholders may access the recorded webcast of the ASM by sending an email request addressed to admin@italpinas.com

Open Forum

During the virtual meeting, the Company will have an Open Forum, during which, the meeting's moderator will read and where representatives of the Company shall endeavor to answer as many of the questions and comments received from stockholders as time will allow.

Stockholders may send their questions in advance by sending an email bearing the subject "IDC ASM 2023 Open Forum" to investors@italpinas.com or through online [https://idc-voting.verovoting.com.au/].

Questions/comments received but not entertained during the Open Forum due to time constraints will be addressed separately by IDC through the stockholders' email addresses.

For any clarifications, please contact

ITALPINAS DEVELOPMENT CORPORATION
Unit 28C BPI Philamlife Building, 6811 Ayala Ave., Makati, 1226 Metro Manila
tel. nos. (632) 893 0328

For other ASM-related queries, stockholders may contact investors@italpinas.com.

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
OF
ITALPINAS DEVELOPMENT CORPORATION

September 18, 2023

Through virtual conferencing

1. **CALL TO ORDER**

Mr. Romolo V. Nati, Chairman of the Board, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Michael John A. Tantoco Jr., took the minutes of the meeting.

2. **PROOF OF NOTICE AND CERTIFICATION OF QUORUM**

The Chairman inquired from the Corporate Secretary if the stockholders were duly informed of the meeting and if the stockholders present constitute a quorum.

The Corporate Secretary stated that notices of the meeting, together with the agenda and the Information Statement of the Corporation were sent to the stockholders as of record date on August 23, 2024.

Based on the records, the stockholders present, in person, by proxy, or through remote communication represent 360,206,044 shares equivalent to 57.21% of the Company's total outstanding capital stock. As such, a quorum is present for the transaction of business in today's meeting.

3. **VOTING PROCEDURE AND SHAREHOLDER INQUIRY RIGHT**

Voting Procedure

Except in cases where a higher vote is required under the Revised Corporation Code, the approval of any corporate action shall require the majority vote of all the stockholders present in the meeting, if constituting a quorum.

In the election of directors, each common shareholders of record as of May 31, 2023 is entitled to as many votes as there are directors to be elected. A stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

Since the meeting is by remote communication, the following voting procedure will be followed:

Stockholders who have successfully registered shall be notified via email from the Office of the Corporate Secretary of their validated registration for the ASM. Registered stockholders can then cast their votes for specific items in the agenda by voting online at https://italpinas.com/annual- stockholders-meeting-2023-portal with their log-in credentials.

1. Validated registered shareholders can vote online on each agenda item on the ballot print-out. A brief description of each item for stockholders' approval is indicated in the Information Statement sent to the stockholders.

2. A stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval except for the election of directors where every stockholder will be entitled to cumulate his votes.

3. Once the stockholder has finalized his vote, he can proceed to submit his ballot online no later than June 30, 2023 at 12 midnight (Manila time), the closing date of voting. Voting shall be conducted through, and results certified by Vero Voting prior to submission to the Corporate Secretary.

Votes of the shareholders shall come from two streams, the first are those that are cast in absentia through the online voting portal mentioned above, and the other shall be through the polls that will be set up during the virtual meeting. The counting and tabulation of the votes shall be done by summing the votes cast through the online voting portal (which shall be automatically generated by such portal) with the votes cast during the meeting.

Inquiry Rights

During the virtual meeting, the Company will have an Open Forum, during which, the meeting's moderator will read and where representatives of the Company shall endeavor to answer as many of the questions and comments received from stockholders as time will allow.

Furthermore, stockholders were encouraged to send their questions in advance by sending an email bearing the subject "IDC ASM 2023 Open Forum" to investors@italpinas.com or through online [https://idc- voting.verovoting.com.au/].

4. **APPROVAL OF THE MINUTES OF THE STOCKHOLDERS HELD ON NOVEMBER 16, 2022**

Presentation of an Agenda Matter

The first matter on the agenda was the approval of the minutes of the previous meeting. Copies of the minutes of the Stockholders' meeting held on November 16, 2022 were distributed to the shareholders via the Company's website as well as in the information packet for the 2023 Annual Stockholders' Meeting.

The Chairman asked if there were any questions or comments from the stockholders regarding the Minutes of the November 16, 2022 meeting. There being none, he asked the Corporate Secretary to present the results of voting.

Results of Voting

The Corporate Secretary reported the results of voting, with the votes cast in favor of approving the agenda item as follows:

	YES	NO	ABSTAIN
Number of Shares Voted	360,206,044	0	0
% Shares Voted	100%	0%	0%

As such the following resolution was passed:

RESOLUTION

"**RESOLVED**, that the minutes of the Annual Shareholders' Meeting held on 16 November 2022, are hereby, approved."

5. **REPORT OF THE CHAIRMAN/ CEO**

The Chairman, Mr. Romolo V. Nati, rendered the report of the Management for the year 2022.

The Chairman asked the assembly if there were any questions or concerns that any stockholder wishes to raise.

No questions were raised from the assembly. Given the absence of any question, the Chairman proceeded to the next matter on the agenda.

6. **PRESENTATION OF THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022**

Presentation of an Agenda Matter

The next matter on the agenda was the approval of the 2022 Audited Financial Statements of the Corporation. The Chairman declared that the 2022 audited consolidated financial statements of the Company were appended to the Information Statement sent to all stockholders of record. He asked if there was any question from the assembly. There being none, he instructed the corporate secretary to present the results of voting.

Results of Voting

The Corporate Secretary reported the results of voting, with the votes cast in favor of approving the agenda item as follows:

	YES	NO	ABSTAIN
Number of Shares Voted	360,206,044	0	0
% Shares Voted	100%	0%	0%

As such the following resolution was passed:

RESOLUTION

"**RESOLVED**, that the Audited Consolidated Financial Statements of the Company and its subsidiaries as of and for the twelve-month period ended 31 December 2022 as audited by the Company's Independent Auditors, Moore Roxas Cruz Tagle & Co., are hereby approved and accepted."

7. **RATIFICATION OF THE ACTS OF THE BOARD OF DIRECTORS AND OFFICERS**

Presentation of an Agenda Matter

The next matter on the agenda was the ratification of all acts of the Board of Directors and management covering the period of November 16, 2022 to September 18, 2023. The Chairman stated that a detailed description of the matters resolved by the Board is contained in the Definitive Information Statement sent to all stockholders of record.

He asked if there was any question from the assembly. There being none, he instructed the Corporate Secretary to present the results of voting.

Results of Voting

The Corporate Secretary reported the results of voting, with the votes cast in favor of approving the agenda item as follows:

	YES	NO	ABSTAIN
Number of Shares Voted	360,206,044	0	0
% Shares Voted	100%	0%	0%

As such the following resolution was passed:

RESOLUTION

"**RESOLVED**, that all the acts of the Board of Directors and Management from the date of the last annual stockholders' meeting held on November 16, 2022 to date, are hereby approved and ratified."

8. **ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS**

Presentation of an Agenda Matter

The next matter on the agenda was the election of directors. The Corporate Secretary presented the following as the nominees for the Corporation's Board of Directors for the ensuing corporate year

Romolo Nati
Jose D. Leviste III
Shennan A. Sy
Dionisio A. Tejero
Rafael A. Dominguez
Jose G. Araullo
Christine P. Base
Emeraldo C. Magnaye
Giuseppe Garofalo

He asked if there was any question from the assembly. There being none, he instructed the Corporate Secretary to present the results of voting.

Results of Voting

The Corporate Secretary reported the results of voting, with the votes cast as follows:

DIRECTORS	# OF VOTES RECEIVED
Romolo Nati	357,527,944
Jose D. Leviste III	357,526,108
Shennan A. Sy	357,355,282
Dionisio Tejero	357,355,282
Christine P. Base	357,355,282
Giuseppe Garofalo	357,397,282
Rafael A. Dominguez*	357,355,282
Jose G. Araullo*	357,355,282
Emeraldo C. Magnaye*	357,355,282

Independent Directors

As such the following resolution was passed:

RESOLUTION

"**RESOLVED**, that the following individuals be, as they are hereby elected as Members of the Company's Board of Directors to serve for a term of one (1) year from September 18, 2023 until their successors have been duly elected and qualified:

DIRECTORS	# OF VOTES RECEIVED
Romolo Nati	357,527,944
Jose D. Leviste III	357,526,108
Shennan A. Sy	357,355,282
Dionisio Tejero	357,355,282
Christine P. Base	357,355,282
Giuseppe Garofalo	357,397,282

INDEPENDENT DIRECTORS	# OF VOTES RECEIVED
Rafael A. Dominguez	357,355,282
Jose G. Araullo	357,355,282
Emeraldo C. Magnaye	357,355,282

9. **APPOINTMENT OF THE EXTERNAL AUDITOR**

Presentation of an Agenda Matter

The next matter on the agenda was the appointment of the Corporation's External Auditor. The Chairman stated that it is proposed that Moore Roxas Cruz Tagle & Co be engaged as the Corporation's External Auditors for the ensuing fiscal year.

He asked if there was any question from the assembly. There being none, he instructed the Corporate Secretary to present the results of voting.

Results of Voting

The Corporate Secretary reported the results of voting, with the votes cast in favor of approving the agenda item as follows:

	YES	NO	ABSTAIN
Number of Shares Voted	360,206,044	0	0
% Shares Voted	100%	0%	0%

As such the following resolution was passed:

RESOLUTION

"**RESOLVED**, that the appointment of Moore Roxas Cruz Tagle & Co as the Corporation's external auditors for 2024 is hereby approved."

10. **OTHER MATTERS**

The Chairman inquired if there were any other matters that the any member of the assembly would like to bring up. There being none, the chairman declared that there were no other matters and that a motion for adjournment would be entertained.

11. **ADJOURNMENT**

There being no further business to discuss, the meeting was up on a motion duly made and seconded, adjourned.

Prepared by:

MICHAEL JOHN A. TANTOCO JR.
Corporate Secretary

Attested by:

ROMOLO V. NATI
Chairman

Voting Procedure

In the 2024 Stockholders' Meeting, voting was done during the meeting and was conducted in person (through remote communication), through proxy; and by voting in absentia.

Votes through Proxy

Stockholders had the option to vote through proxy where the proxy form included with the information statement would be filled up and sent to the Corporation's principal office address or electronically to the Corporate Secretary at to.

Proxy holders present during the meeting were given the opportunity to use the online voting portal.

Voting in Absentia

Stockholders who had successfully registered were notified via email from the Office of the Corporate Secretary of their validated registration for the ASM. They were then allowed to cast their votes for specific items in the agenda by voting online at https://italpinas.com/annual- stockholders-meeting-2023-portal/ with their log-in credentials; no later than June 30, 2023.

1. Validated registered shareholders voted online on each agenda item on the ballot print-out.

2. A Stockholders were given the option to vote "Yes", "No", or "Abstain" on each agenda item for approval except for the election of directors where every stockholder was entitled to cumulate their votes.

3. Voting was conducted through, and results certified by Vero Voting prior to submission to the Corporate Secretary.

Voting at the Meeting

For the stockholders that were present in the remote communication meeting, the shareholders may cast their vote through the use of the online voting portal.

Annex C

SECRETARY'S CERTIFICATE

I, MICHAEL JOHN A. TANTOCO, Filipino, of legal age, with principal office at 8th Floor, DPC Place, 2322 Chino Roces Ave, Makati City, after having been sworn according to law, hereby depose and state:

1. I am the duly elected and qualified Corporate Secretary of Italpinas Development Corporation (the "Corporation"), a corporation duly organized and existing under the laws of the Philippines with principal address at Unit 28C BPI Philamlife Building, 6811 Ayala Avenue, Makati City, and listed on The Philippine Stock Exchange, Inc. since December 7, 2015.

2. As Corporate Secretary, I have access to the corporate records of the Corporation, including, but not limited to, the curriculum vitae of the Corporation's directors, as well as any disclosures they have made as to their shareholdings in the Corporation, and/or affiliations with other entities;

3. Based on such records of the Corporation, none of the incumbent officers and members of the Board of Directors, who are also nominees in the coming annual stockholders meeting, are employees or of the Philippine government or any of its agencies and instrumentalities.

4. In the event that any officer or director shall, in future, become an employee of the Philippine government or any of its agencies and instrumentalities, the Corporation undertakes to immediately inform the stockholders through a disclosure with the PSE or publication in a newspaper of general circulation.

08 OCT 2024

IN WITNESS WHEREOF I hereunto set my hand this ___ day of Makati City__________, 2024.

MICHAEL JOHN A. TANTOCO
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this ___ day of 08 OCT 2024, 2024, affiant exhibiting to me his TIN 425-480-479.

NOTARY PUBLIC

Doc. No. 60
Page No. 13
Book No. III
Series of 2024

RICHMOND JEREMY L. ALIANAN
Notary Public for Makati City
Appointment No. M-262
Until December 31, 2025
Roll No. 78253
IBP No.385962- 1.02.24 - Makati
PTR No. 10075545 - 1.02.2024 - Makati
Admitted to the Philippine Bar on May 2022
8th Floor DPC Place
2322 Chino Roces Avenue, Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, JOSE GONZALES ARAULLO, Filipino, of legal age and a resident of 133 Bonifacio Drive, Brgy. Silang Crossing West, Tagaytay, Philippines, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director (ID) of **Italpinas Development Corporation** (the "Corporation") and have been its ID since 2017.

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

Company/Organization	Position/Relationship	Period of Service
Bayanihan Rural Bank	Chairman	
Punongbayan and Araullo	Chairman Emeritus	

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

4. I am related to the following director/officer/substantial shareholder of Italpinas Development Corporation other than the relationship provided under Rule 38.2.3 of the SRC. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable	Not applicable	Not applicable

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
None		

6. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.

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

SEP 2 5 2024 CITY OF MANILA

Done, this ________ day of __________, at ________________.

Jose Gonzales Araullo

SEP 2 5 2024 CITY OF MANILA

SUBSCRIBED AND SWORN to before me this _____ day of ___________ at ______________, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) Card with TIN 109-228-667.

Doc. No. 481;
Page No. 98;
Book No. XXVIII;
Series of 2024

ATTY. JOHN EDWARD TRINIDAD ANG
Notary Public for City of Manila-Until Dec. 31, 2024
Notarial Commission No. 2023-091
2ND Floor Midland Plaza Hotel, Adriatico St., Ermita, Mla.
I.B.P NO. 393541-Jan. 3, 2024
P.T.R. NO. 1535522 Jan. 3, 2024 at Manila
ROLL No. 68731/MCLE Compliance No. VII-0011575-04/14/2025

Annex E

CERTIFICATION OF INDEPENDENT DIRECTOR

I, RAFAEL A. DOMINGUEZ, Filipino, of legal age and a resident of 155 Guava Drive, Ayala Alabang, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director (ID) of **Italpinas Development Corporation** (the "Corporation") and have been its ID since July 11, 2016.

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

Company/Organization	Position/Relationship	Period of Service
The Linden Suites	President & Owner's Representative	2016 to Present
	Director/SVP & Owner's Representative	2004 to 2016
PTFC Redevelopment Corporation	Director	2009 to Present
Marco Polo Hotel Davao	Director	2004 to Present

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

4. I am related to the following director/officer/substantial shareholder of Italpinas Development Corporation other than the relationship provided under Rule 38.2.3 of the SRC. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable	Not applicable	Not applicable

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
None		

6. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.

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

OCT 04 2024 CITY OF MANILA

Done, this ________ day of __________, at ________________.

Rafael A. Dominguez

OCT 04 2024 CITY OF MANILA

SUBSCRIBED AND SWORN to before me this _____ day of ___________ at ______________, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) Card with TIN 148-909-263.

Doc. No. 340;
Page No. 69;
Book No. XXVIII;
Series of 2024

ATTY. JOHN EDWARD TRINIDAD ANG
Notary Public for City of Manila-Until Dec. 31, 2024
Notarial Commission No. 2023-091
2ND Floor Midland Plaza Hotel, Adriatico St., Ermita, Mla.
I.B.P NO. 393541-Jan. 3, 2024
P.T.R. NO. 1535522 Jan. 3, 2024 at Manila
ROLL No. 68731/MCLE Compliance No. VII-0011575-04/14/2025

Annex F

CERTIFICATION OF INDEPENDENT DIRECTOR

I, EMERALDO C. MAGNAYE, Filipino, of legal age and a resident of 1454 Milflores Street, Antipolo Valley Subdivision, Mambungan, Antipolo City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director (ID) of **Italpinas Development Corporation** (the "Corporation") and have been its ID since March 12, 2021.

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

Company/Organization	Position/Relationship	Period of Service

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

4. I am related to the following director/officer/substantial shareholder of Italpinas Development Corporation other than the relationship provided under Rule 38.2.3 of the SRC. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable	Not applicable	Not applicable

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
None		

6. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.

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

SEP 2 4 2024 CITY OF MANILA

Done, this _________ day of ___________, at __________________.

Emeraldo C. Magnaye

SEP 2 4 2024 CITY OF MANILA

SUBSCRIBED AND SWORN to before me this ______ day of _____________ at ______________, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) Card with TIN 154-950-996.

Doc. No. 475;
Page No. 96;
Book No. Twenty
Series of 2024

ATTY. JOHN EDWARD TRINIDAD ANG
Notary Public for City of Manila-Until Dec. 31, 2024
Notarial Commission No. 2023-091
2nd Floor Midland Plaza Hotel, Adriatico St., Ermita, Mla.
I.B.P NO. 393541-Jan. 3, 2024
P.T.R. NO. 1535522 Jan. 3, 2024 at Manila
ROLL No. 68731/MCLE Compliance No. VII-0011575-04/14/2025

EXECUTIVE STOCK OPTION PLAN

(Chief Operating Officer)

RULE I
DEFINITION AND INTERPRETATION OF TERMS

1.1. **DEFINITION OF TERMS**

In this Plan, the following capitalized terms, unless the context requires otherwise, have the meanings specified in this Rule 1.1:

"*Award"* an award of Options from the Option Shares;

"*Award Date"* means the date the Committee approved the grant of Options to the COO;

"*Award Letter"* means the letter from the letter prepared by the Corporation's Human Resources Department providing the COO with the matters set forth in Section 5.4.1 of the Plan;

"*BOD*" or "*Board*" means the Board of Directors of Italpinas Development Corporation;

"*Change of Control Event"* means shall mean an event whereby: (i) there is a change in the beneficial ownership of the Corporation whereby a controlling party of the Corporation at the time of the adoption of the Plan ceases to beneficially own at least a majority of the outstanding voting securities; (ii) a shareholder of the Corporation loses the ability to elect the corporate officers or a majority of the Board; (iii) sale by shareholders of the Corporation, in a single or series of transactions, all or substantially all of the corporate assets; or (iv) merger or consolidation of the Corporation, as a result of which less than a majority of the outstanding voting securities of the surviving or resulting entity will be owned by the stockholders of the Corporation;

"*Committee"* means the Compensation and Remuneration Committee of the Corporation;

"*COO"* shall mean the Corporation's Chief Operating Officer, Giuseppe Garofalo;

"*Corporation"* means Italpinas Development Corporation;

"*Eligible Leaver"* shall have the meaning ascribed to it by Rule 7.1.1;

"*Exercise Notice"* shall have the meaning ascribed to it by Rule 5.5.1;

"*Exercise Period"* means the period set by the Committee for the COO to signify his intention to exercise their Option;

"*Forfeiting Leaver"* shall have the meaning ascribed to it by Rule 7.2.1;

"*Option/s"* means the grant by the Corporation to the COO of an allocation from the Option Shares which he entitled to have issued in their name further to the Vesting Date;

"*Option Shares"* shall have the mean the shares that the COO is entitled to receive further to the Option;

"*Plan"* means this Executive Stock Option Plan;

"*Vest"* pertains to the ripening of the COO's right to receive Option Shares, with such meeting the conditions to allow for the transfer of the Option Shares to the COO's name;

"*Vesting Date"* means, in relation to an Award, the date that the entire or portion of the Option shall be deemed Vested; and

"*Vesting Period" means*, in relation to an Award, the period between the Award Date and the Vesting Date.

1.2. **INTERPRETATION OF TERMS**

1.2.1. In this document, a reference to:

a. A statutory provision shall include that provision and any regulations made in pursuance thereof as from time to time modified or re-enacted, whether before or after the date of this Plan;

b. "day", "month" or "year" is a reference to a day, month or year respectively in the Gregorian calendar; and

c. "Rule/s", "Schedules", "Section/s", "paragraph" are the schedules to, section(s) of, and paragraph of this Plan.

1.2.2. The words "hereof," "herein," and "hereunder" and words of similar import, when used in any document, shall refer to such document as a whole and not to any particular provision of such document.

1.2.3. The words "include," "includes," or "including" are not limiting and shall be deemed to be followed by the words "without limitation," whether or not so followed by such phrase.

1.2.4. Any reference to "writing" or cognate expressions includes a reference to telex, cable, electronic mail, facsimile transmission, or comparable means of communication.

1.2.5. Any reference in this Plan to an "Article", "Section", "Rule", "Paragraph", or "Schedule" refers to the corresponding Article, Section, Rule, Paragraph, or Schedule of this Plan, unless the context indicates otherwise. Each Schedule is incorporated and made an integral part of this Plan.

1.2.6. Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing a specific gender shall include the genders (male, female or neutral).

1.2.7. The headings of Articles, Sections, Paragraphs, and Annexes are provided for convenience only and shall not affect the construction or interpretation of this Plan.

1.2.8. In computing a period, the first day shall be excluded and the last day included. Unless specified, all references to days shall refer to calendar days, a month shall be equal to thirty (30) calendar days, and a year to three hundred sixty-five (365) calendar days.

1.2.9. Should the last day of a period given for the performance of an act required by the terms of this Plan fall on a weekend, non-working day, non-working holiday, or when a workday is ceased due to a fortuitous event, such action may be made on the immediately succeeding working day, unless Philippine Law require otherwise.

RULE II
PLAN OVERVIEW

This Executive Stock Option Plan (the "Plan") is established by the Corporation for the benefit of its COO, to provide him with an opportunity to acquire shares of the Corporation. This will help the Corporation achieve the following benefits:

a. Ensure that the interests of management are aligned with those of the shareholders, further motivating the Officers to make decisions that drive long-term growth and sustainable profitability;

b. Incentivize high-level performance;

c. Retention of key talents through incentivizing dedication and tenure with the Corporation; and

d. To provide a remuneration package with high upside potential.

The Plan takes the form of restricted stock units, whereby the COO shall be awarded the right to receive shares of stock of the Corporation. Such awards shall be considered as part of the COO's compensation.

RULE III
EFFECTIVITY OF THE PLAN

3.1. The Plan shall take effect and is conditional upon:

a. Securing and passing of the necessary resolutions by the Board of Directors and Shareholders of the Company;

b. Securing regulatory approvals from the Securities and Exchange Commission, whether this be done through a registration statement or request for exemption, for the shares issued further to the Plan.

c. Such other corporate and regulatory approvals as may be necessary or required by Philippine law.

RULE IV
SIZE AND LIMITATION OF THE PLAN

4.1. **SIZE OF THE PLAN**

Upon the effectivity of the Plan, the Company shall allot **TWENTY-FIVE MILLION (25,000,000) COMMON SHARES** to be awarded further to the Plan. The aforementioned allotment may be increased or reduced by the Corporation, provided that the necessary approvals and resolutions from the directors, stockholders, and regulators, as may be required and necessary under applicable law are secured.

4.2. **LIMITATION OF THE PLAN**

The aggregate number of shares which the Committee may grant shall not exceed five percent (5%) of the Corporation's issued and outstanding capital stock of the day immediately preceding the grant of any Award.

RULE V
ELIGIBLE OFFICERS, AWARD GRANTS, AND EXERCISE PROCEDURE

5.1. **ELIGIBLE OFFICERS**

The Plan is constituted for the sole benefit and participation of Giuseppe Garofalo, the Corporation's COO.

5.2. **EXCLUSION OF DIRECTORS AND OTHER CORPORATE OFFICERS**

5.2.1. Members of the Board of Directors, including Independent Directors, and other corporate officers, shall not be eligible COO under the Plan.

5.3. **VESTING OF THE OPTIONS**

The Corporation commits to issue an Award of Twenty Five Million (25,000,000) common shares to the Corporation's Chief Operating Officer, Giuseppe Garofalo, for which an award letter shall be issued upon securing the relevant regulatory approvals. The shares shall have a Vesting Date of fifteen (15) business days after securing the necessary regulatory approvals for the Plan.

5.4. **GRANT OF THE AWARD**

5.4.1. Upon securing regulatory approval of the Plan, the Committee's shall provide the COO an Award Letter containing the following:

a. The Award Date;

b. The Vesting Dates;

c. Exercise Period;

d. The retention period; and

e. Such other conditions that the Committee may determine for eligibility of an Award

5.4.2. Upon the issuance of the Award Letter, the COO shall be considered to be holding onto option shares which give him the right to exercise the Option to have the Option Shares issued in his name further to the Vesting Period and Vesting Date (the "*Option*").

5.4.3. Whether to exercise an Option shall be within the sole discretion of the COO.

5.4.4. An Award shall be personal to the COO, and shall not be transferable, chargeable, assignable, subject to pledge or other means of disposal of, in whole or in part, except through inheritance upon the death of the COO, or with the prior written approval of the Committee. An Award shall only be transferrable through inheritance if the Award has Vested prior to the death of the COO.

5.4.5. If the COO shall do, suffer or permit any act or thing where he or she would be deprived of any rights under an Award or Vested Award without the prior written approval of the Committee, that Award or Vested Award shall immediately be considered as rescinded and lapsed.

5.5. **EXERCISE OF AWARDS**

5.5.1. In the event that the COO accepts the Award, he/she shall formally provide written notice (the "*Exercise Notice*") to the Corporation. The Exercise Notice should contain the following

a. Indication whether the COO totally or partially accepts the Option;

b. Acknowledgement and acceptance of the terms of the Award Letter;

c. Acceptance and accession of the terms of the Plan;

d. Acknowledgement that the Option Shares to be issued in their name shall form part of their compensation; and

e. Consent to the Corporation withholding the appropriate taxes attributable to the issuance of the Option Shares in the name of the COO.

5.5.2. Partial acceptance shall not constitute a forfeiture of the un-accepted Option Shares. Rather, the COO may provide another Exercise Notice to exercise the Option for the remaining Option Shares. Such procedure shall be followed until the lapse of the Exercise Period or exhaustion of the Award.

5.5.3. Full acceptance of an Award gives the Corporation the right to conclude that the COO has chosen to exercise the Option on each Vesting Date, as such Vested shares shall be issued to the name of the COO, subject to Rule 5.5.4.

5.5.4. When the COO decides to exercise the Option and provides the Corporation with the Exercise Notice, the Vested Option Shares shall be issued in the name of the COO upon complying with the requirements that may be imposed by the Corporation, transfer agents, brokers, the Philippine Stock Exchange, and other private, governmental or regulatory bodies.

RULE VI
DURATION AND EFFECTS OF EXPIRATION OR TERMINATION OF THE PLAN

6.1. **DURATION OF THE PLAN**

6.1.1. The Plan shall continue to be in full force and effect until the earliest of the following take place:

a. The Plan shall have a term of ten (10) years commencing from the date that the Plan has is approved by both the Board of Directors and Stockholders (the "*Adoption Date*"). The aforementioned period may be extended, subject to securing the necessary internal corporate and regulatory approvals. Provided, for internal corporate approvals, the term of the Plan may be extended by resolution of the Committee, adopted and approved by the Board.

b. the Plan may be terminated at any time by the Committee or the Board, subject to all relevant approvals which may be required.

6.1.2. In the event of expiration or termination of the Plan, only awards that have Vested or prior to the termination or expiration date shall be recognized.

RULE VII
EFFECTS OF TERMINATION OR CESSATION OF EMPLOYMENT AND CHANGE OF CONTROL

7.1. **ELIGIBLE LEAVER**

7.1.1. Whenever the COO ceases to be employed by the Corporation due to the following reasons, he/she shall be considered as an **"***Eligible Leaver***"**:

a. long-term ill health, injury, or disability (either of which would prevent the individual from physically carrying out his duties in a satisfactory manner, and in each case, evidenced to the satisfaction of the Committee);

b. retirement on or after the legal retirement age;

c. the death of the COO; and

d. any other event approved by the Committee.

7.1.2. Eligible Leavers are entitled to receive any Options that have Vested prior to the cessation of their tenure with the Corporation. Awards that have not Vested shall be non-exercisable and deemed cancelled and forfeited.

7.2. **FORFEITING LEAVER**

7.2.1. Whenever the COO ceases to be employed by the Corporation due to the following reasons, he/she shall be considered as an **"***Forfeiting Leaver***":**

a. termination for cause due to gross misconduct, negligence, or non-performance;

b. resignation; and

c. any other reason determined by the Committee constituting a Forfeiting Leaver.

7.2.2. All Vested but unexercised Awards, Vested Awards, and Options will be automatically terminated without need of any written notice to the Forfeiting Leaver.

7.3. **CHANGE OF CONTROL**

7.3.1. Upon the occurrence of a Change of Control Event, the Corporation shall, within ten (10) business days, give notice to the COO of the fact of such Change in Control Event. From the date of such notice, all un-Vested Options shall be deemed Vested as of the date the aforementioned written notice is given, subject to the provisions of Rule 7.3.3.

7.3.2. The exercise of the Options shall be in accordance with Rule 5.5.

7.3.3. The COO shall be given a period of five (5) business days to provide the Company with the Exercise Notice provided for in Rule 5.5. In the event that such exercise notice is not provided, the Vested awards shall be deemed forfeited.

RULE VIII
ADMINISTRATION & AMENDMENT AND MODIFICATION TO THE PLAN

8.1. **ADMINISTRATION OF THE PLAN**

8.1.1. The Plan shall be administered by the Committee, in its absolute discretion.

8.1.2. The Committee shall have the authority, from time to time, to establish and modify such arrangements, guidelines, and/or regulations as it deems necessary for the implementation and administration of the Plan.

8.1.3. Any matter arising in connection with the Plan, including any disputes or uncertainties regarding the interpretation of the Plan, or any rule, regulation, procedure, or right thereunder, shall be resolved by the Committee in its absolute discretion.

8.1.4. Neither the Plan nor the Awards granted under the Plan shall give rise to any liability on the part of the Corporation or the Committee in connection with the:

a. lapsing of awards pursuant to any provision of the Plan;

b. failure or refusal by the Committee to exercise, or the exercise by the Committee of any discretionary functions under the Plan; and/or

c. decisions or determinations of the Committee made further or in relation to the provisions of the Plan.

8.1.5. Any decision or determination made by the Committee in accordance with any provision of the Plan (excluding matters requiring certification by the auditors) shall be deemed final, binding, and conclusive. Including, without limitation, decisions related to disputes regarding the interpretation of the Plan, any rules, regulations, or procedures established thereunder, or any rights arising from the Plan.

8.2. **AMENDMENTS AND MODIFICATIONS TO THE PLAN**

8.2.1. The Committee may, at its discretion, amend or modify any or all provisions of the Plan at any time through a formal resolution, to be adopted by the Board. However, the Committee is empowered to revise or alter the rules or provisions of the Plan as necessary, to ensure compliance with any applicable statutory requirements or regulations set forth by relevant authorities or regulatory bodies, without the need for additional formalities.

8.2.2. If the Committee amends or modifies the Plan further to its authority under Rule 8.2.1, written notice of such modifications or amendments shall be provided to the COO within ten (10) business days from the approval of such amendments or modifications.

RULE IX
EVENTS AFFECTING AWARDS PRIOR TO VESTING DATE

9.1. An Award shall, to the extent not yet Vested, immediately lapse without any claim whatsoever against the Corporation:

a. in the event that an order is made for the winding-up of the Corporation on the basis of, or by reason of, its insolvency; or

b. upon the cessation of the COO's tenure with the Corporation.

9.1.2. The effects of a Change of Control Event shall be governed by Rule 7.3.

RULE X
NOTIFICATION AND COMMUNICATION

10.1. **NOTICES BY A PARTICIPANT**

10.1.1. Any notices, correspondences, or documents required to be given by the COO to the Corporation shall be:

a. Digitally sent to the following email address of the Corporation: corporatesecretary@italpinas.com and ho.hradmin@italpinas.com, copy furnishing the following: Romolo Nati and Jose D. Leviste III. The digital submission must include, as an attachment, any document provided by the COO to the Corporation; and

b. If documentary submission is required, the physical copy of the documents attached in the digital transmittal shall be submitted to the registered office address of the Corporation and marked for the attention of the Committee and the Company President.

10.1.2. Any notice, correspondence, or document provided by the COO shall be irrevocable, and shall only be binding and effective upon the receipt by the Corporation.

10.1.3. The COO shall be responsible for ensuring truthfulness, accuracy, and completeness of the information provided in any and all notices, documents, communications, and correspondences provided to the Corporation.

10.2. **NOTICES TO THE COO**

10.2.1. Any notices, correspondences, or documents required to be given to the COO from the Corporation shall be delivered to the COO's corporate email address, by hand, or to his residential address.

10.2.2. If the Corporation sends notices or documents digitally, the COO shall have the right to request for the physical copies of such notices and documents.

10.2.3. Any notice, communication, or documents provided by the Corporation to the COO shall only be binding upon the receipt by the COO.

RULE XI
MISCELLANEOUS PROVISIONS

11.1. **GOVERNING LAW**

This Plan shall be governed solely by, and construed solely in accordance with Philippine Law.

11.2. **TAXES**

11.2.1. All taxes (including income tax) arising from the grant, Vesting or Exercise of any Award granted to any COO under the Plan shall be borne by the party responsible for the payment of such tax; *provided* that documentary stamp tax on the shares issued further to the Plan shall be borne by the Corporation.

11.2.2. No shares shall be delivered under the Plan to any COO until he has made arrangements acceptable to the Committee for the satisfaction of any income and employment tax withholding obligations. The Corporation shall have the authority and the right to deduct or withhold or require the COO to remit to the Company, an amount sufficient to satisfy national, local and foreign taxes required by law to be withheld.

11.2.3. The documentary stamp tax due on the issuance of the shares further to the Option shall be for the account of the Corporation.

11.3. **LIMITATION ON LIABILITY**

Notwithstanding the provisions of the Plan, the Committee, Corporation, and its Directors, officers, employees, representatives, or agents shall not be liable for any costs, losses, expenses, or damages resulting from any events related to this Plan under any circumstances.

11.4. **LOCK IN PERIOD**

The shares issued further to the exercise by the COO of their Option shall have a lock-in-period of thirty (30) days from the time that such shares are transferred to the COO's name.

During the Lock-In Period, the COO shall not sell, transfer, assign, pledge, hypothecate, or otherwise dispose of, directly or indirectly, Option Shares, or any interest therein, without the prior written consent of the Corporation.

11.5. **DISPUTE RESOLUTION**

Any disputes relating to the Plan shall be referred to the Committee for resolution. Their decision on matters relating to the Plan shall be appealable to the Board. The decision of the Board shall be final and binding.

11.6. **RIGHTS OF THIRD PARTIES**

No person shall have the right to enforce the terms of this Plan, save for the Corporation and the COO.

11.7. **DIVISIBILITY OF AGREEMENT**

In the event that any of the provisions herein contained is held invalid, rendered unenforceable or prohibited by Applicable Law, this Plan shall be considered divisible insofar as the said provision is concerned, with the result that the other provisions of this Plan shall remain in effect as if no said partial invalidation arose. In such case, the Compensation Committee shall convene to replace for such invalid or inapplicable provision.

MANAGEMENT REPORT

Item 1. Description of any disagreement on any matter of accounting principle or practices, FS disclosures, etc.

Not applicable, there were no disagreements on accounting and financial disclosures with the previous and current handling partner.

Item 2. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no changes in and any disagreements between the Company and the Independent Public Accountant on any Accounting and Financial Disclosure related matters.

Item 3. Audit and Audit-Related Fees

Requests or applications to provide services that require separate approval by the Audit Committee must be submitted to the Audit Committee by the President or CFO, and must include the engagement proposal, and a statement as to whether, in his view, the fees being charged are commensurate to the services being offered. In connection with the Audit Committee's consideration of any proposed service, the independent auditor, at the Committee's request, will submit to an interview by the Audit Committee to determine its independence. Thereafter, the Audit Committee will draft its recommendation to the Board of Directors as to the scope of the service and reasonableness of the fees.

Fees approved in connection with the audit and audit-related services rendered by Moore Roxas pursuant to the regulatory and statutory requirements for the years ended 31 December 2023, 2022 and 2021 amounted to PHP1,932,000 PHP2,318,400 and PHP1,030,400 respectively.

Moore Roxas was not engaged for any non-audit services for the years it has served as the Company's independent auditor.

Item 4. Financial Statements with Management's Discussion and Analysis or Plan of Operation

The following discussion summarizes the significant factors affecting the financial performance, financial position and cash flows of Italpinas Development Corporation ("IDC" or the "Company") and its subsidiaries for calendar year ended December 31, 2023 and 2nd Quarter of 2024. The following discussion should be read in conjunction with the attached consolidated audited financial statements of financial position and the accompanying notes of the Company as of December 31, 2023 and 2022, and the related statements of income, comprehensive income, changes in equity and cash flows for each of the previous calendar years of IDC. All necessary adjustments to present fairly the

Company's financial position as of June 30, 2024 and the financial performance and cash flows for the year ended December 31, 2023 and for all other periods presented, have been made. All financial information is reported in Philippine Pesos (Php).

Any references in this MD&A to "we", "us", "our", "Company" means the Italpinas and references to "Italpinas" mean Italpinas Development Corporation. All financial information, however, are based on the consolidated audited financial statements, which include its wholly-owned subsidiaries.

KEY PERFORMANCE INDICATORS

	For the years ended December 31			
	2021	2022	2023	2Q 2024
	Audited	*Audited*	*Audited*	Unaudited
Current Ratio (x)[1]	1.50	1.50	1.56	1.54
Solvency Ratio[2]	1.53	1.56	1.51	1.47
Debt-to-Equity Ratio (x)[3]	1.89	1.78	1.98	2.12
Gross Margin (%)[4]	0.58	0.53	0.55	0.59
Return on Equity (%)[5]	0.13	0.11	0.15	0.003
Net Margin (%)[6]	0.64	0.63	0.63	0.03

Notes:

1 Current Ratio is computed as current assets divided by current liabilities.

2 Solvency Ratio is derived through dividing total assets by total liabilities.

3 Debt-to-Equity Ratio is measured as the ratio of total liabilities divided by the total equity attributable to equity holders of the parent company.

4 Gross Margin is gross profit as a percentage of revenue.

5 Return on Equity is net profit as a percentage of average equity attributable to equity holders of the parent company.

6 Net Margin is net profit as a percentage of revenue.

FINANCIAL CONDITION AND RESULTS OF OPERATION

2nd Quarter of 2024 Financial Condition

As of 30 June 2024, the Group had *Total Assets* of Php 3,918,762,546 composed primarily of contract assets, real estate for sale and investment properties.

The Group remains liquid with *Current Assets* amounting to Php 2,740,598,090 as against its *Current Liabilities* of Php 1,782,080,428.

Real Estate for Sale composed of the remaining inventories of Primavera City Phase 1 and the cost incurred for Primavera City Phase 2 and Miramonti Green Residences Phase 1.

To further fuel its growth, IDC acquired development loans for each project as follows:

1. Landbank of the Philippines – Primavera Residences Tower A
2. Bank of the Philippine Islands – Primavera Residences Tower B

3. Development Bank of the Philippines – Primavera City Phases 1&2
4. Landbank of the Philippines – Miramonti Phase 1

Debt-to-Equity ratio is 2.12 in June 30, 2024.
As of 30 June 2024, the Group's equity increased by 0.27% brought about by its earnings for 1st semester of 2024.

Financial Condition as at 30 June 2024 compared to as at 31 December 2023

4.89% Increase in Cash

During the period, the construction of Primavera City Phase 2 and Miramonti Green Residences Phase 1 were expedited to meet its target to finish construction by this year. As such, IDC was able to withdraw from the development loan based on the percentage of construction completion of the project. Further, IDC secured working capital loans. These increased *Cash*. Further, collections from new projects Primavera City Phase 3 and Verona Green Residences Uptown, likewise increased *Cash*.

3.75% Increase in Contract Assets

Contract Assets are rights to consideration in exchange for the real estate that is conditional. *Contract Assets* are recognized based on Percentage of Construction Completion. Sales from Primavera City Phase 2 and Miramonti Green Residences Phase 1 increased the *Contract Assets*.

2.88% Increase in Trade and Other Current Receivables

IDC implemented promotions to sell the remaining inventories of Primavera City Phase 1. This increased *Trade and Other Current Receivables*.

13.79% Increase in Real Estate for Sale

During the period, the construction of Primavera City Phase 2 and Miramonti Green Residences Phase 1 were expedited to meet its target to finish construction by this year. These increased *Real Estate for Sale*. Project development costs of Primavera City Phase 3 and Verona Green Residences Uptown likewise caused the increase.

29.35% Decrease in Advances to Related Parties

The Group made advances to major shareholder for the purpose of installing facilities in the Group's projects to help achieve the envisioned project designs. Portion of these advances were returned to IDC. This decreased *Advances to Related Parties*.

10.75% Increase in Prepayments and Other Current Assets

During the period, IDC paid withholding taxes and developer's taxes pertaining to title transfers. These withholding taxes and developer's taxes are creditable taxes which caused the *Prepayments and Other Current Assets* to increase. Accumulated input taxes also brought about the increase.

12.87% Increase in Property and Equipment

The Group renovated its office in Makati. Further, computers and laptops were purchased for newly hired employees. This increased *Property and Equipment*.

100% Increase in Right of Use Asset

The *Right of Use Asset* is a lessee's right to use an asset over the life of a lease.

In 2018, IDC entered into a lease contract with Terrace 28 Corporation for its office space including parking.

21.84% Increase in Other Non-Current Assets

Broker's commission were adjusted to Cost to Obtain a Contract which caused the increase in the *Other Non-Current Assets*.

81.66% Increase in Contract Liabilities

Contract Liabilities pertain to payments made by unit buyers of unit sales that were not yet recognized as actual sales for the year taking into consideration the policy of the Company in the recognition of sales.

Collections from the sales of Primavera City Phase 3 and Verona Green Residences Uptown continuously increased the *Contract Liabilities*.

9.26% Increase in Trade and Other Current Payables

During the period, the construction of Primavera City Phase 2 and Miramonti Green Residences Phase 1 were expedited to meet its target to finish construction by this year. These increased *Trade and Other Current Payables*.

Trade payables primarily consist of dues to contractors for the costs of development and construction of the Group's real estate projects.

3.38% Decrease in Borrowings

During the period, the construction of Primavera City Phase 2 and Miramonti Green Residences Phase 1 were expedited to meet its target to finish construction by this year. As such, IDC was able to withdraw from the development loan based on the percentage of construction completion of the project. Further, IDC secured working capital loans. However, the Group paid bank loan amortization which decreased *Borrowings*.

100% Decrease in Advances from Related Parties

IDC paid-up its due to Constellation Energy Corporation.

0.43% Increase in Retained Earnings

The Group earned Php 3,378,992 for the period which brought about the increase in *Retained Earnings*.

<u>2nd Quarter of 2024 Results of Operation</u>

Net income of Php 3,378,992 was reported for the period.

Results of Operation as at 30 June 2024 compared to as at 30 June 2023

40.68% Decrease in Sales

The Group derives revenue from sale of completed and on-going construction projects from different geographical locations. Php 216,084,545 from Cagayan de Oro and Php 87,718,264 from Batangas.

Sales are recognized based on accounting standards. Before a sale can be recognized as actual sale, certain collection percentage should be met as one of the criteria. Further, percentage of construction completion is likewise considered in the recognition of sales.

49.93% Increase in Cost of Sales

Percentage of construction completion is considered in the recognition of *Cost of sales*. Decrease in Sales correspondingly decreased the *Cost of Sales*.

22.52% Decrease in General and Administrative Expenses

The Group implemented control measures to reduce the costs and expense. Despite the Group's continuous expansion of its operations in which new employees were hired and the remunerations of some of the existing employees were increased as a result of exemplary performance, *General and Administrative Expenses* decreased.

341.07% Increase in Finance Income

Finance Income partly pertains to interest income coming from sales through In-House Financing scheme. But what caused the increase in *Finance Income* are the penalties collected for late payments.

1.55% Decrease in Finance Costs

These pertain to bank interests which decreased due to payment of bank loans amortization.

6.65% Increase in Other Operating Income

Last year, there were sales cancellations in which the corresponding collections were forfeited. These cancellations were the aftermath of the COVID pandemic.

2023 Financial Condition

As of 31 December 2023, the Group had *Total Assets* of Php 3,721,211,106 composed primarily of trade receivables, inventories, project development costs and investment properties.

The Group remains liquid with *Current Assets* amounting to Php 2,552,656,426 as against its *Current Liabilities* of Php 1,634,157,979.

Real Estate for Sale composed of the remaining inventories of finished projects, cost incurred for existing projects and land costs & pre-operating expenses of new projects.

To further fuel its growth, the Group acquired development loans for each project as follows:

5. Landbank of the Philippines – Primavera Residences Tower A;
6. Bank of the Philippine Islands – Primavera Residences Tower B;
7. Development Bank of the Philippines – Primavera City Phases 1&2;
8. Landbank of the Philippines – Miramonti Phase 1.

Debt-to-Equity ratio is 1.98 on December 31, 2023.

On 31 December 2023, the Group's equity increased by 17.58% brought about by its earnings for the year 2023.

Financial Condition as at 31 December 2023 compared to as at 31 December 2022

191.32% Increase in Cash

During the period, the Group implemented promotions to expedite collections. Such promotions resulted in bulk collections of receivables through end-user bank financing. This increased *Cash*. Further, the collections of equity from new projects likewise increased *Cash.*

7.35% Increase in Contract Assets

Contract Assets are rights to consideration in exchange for the real estate that is conditional. *Contract Assets* are recognized based on Percentage of Completion (POC). New sales from existing projects increased the *Contract Assets*.

58.91% Increase in Trade and Other Current Receivables

Additional sales from existing projects brought about the increase in *Trade and Other Current Receivables*.

20.48% Inventories

The following caused the increase in *Inventories*:

1. Additional cost incurred in the construction of on-going projects;
2. The costs of land intended for new projects;
3. Pre-operating expenses incurred for new projects.

31.60% Decrease in Advances to Related Parties

There were advances to a major shareholder who will provide / install facilities in the projects of the Group. Portion of such advances was returned-back to the Group.

37.93% Increase in Other Current Assets

In 2023, IDC paid withholding taxes and developer's taxes pertaining to title transfers. These withholding taxes and developer's taxes are creditable taxes which caused the *Other Current Assets* to increase. Accumulated input taxes also brought about the increase.

0.85% Decrease in Property and Equipment

During the period, there were acquisitions of computers and office equipment. Also, there were improvements to the office premises. However, *Property and Equipment* decreased due to depreciation.

100% Decrease in Right-of-Use Asset

The *Right-of-Use Asset* is a lessee's right to use an asset over the life of a lease. During the period, the *Right-of-Use Asset* is fully amortized.

25.22% Increase in Investment Properties

Way back in 2017, the Company made it as its intended business model that commercial and office units will be offered for leasing instead of holding them for sale. In 2023, the appraised value of these units increased. Further, there are residential units which were offered for leasing.

21.59% Increase in Deferred Tax Assets

Commission were capitalized which increased the *Deferred Tax Assets*.

52.35% Decrease in Investment in an Associate

The Group has 25% shareholdings in Constellation Energy Corporation (CEC). CEC generated a net loss during the period. The Group's share in the net loss of CEC caused the decrease in *Investment in an Associate*.

9.06% Decrease in Other Non-Current Assets

Amortization of Cost to Obtain Contracts brought about the decrease in *Non-Current Assets*.

4.59% Increase in Trade and Other Current Payables

The additional costs incurred for the construction of on-going projects contributed to the increase in *Trade and Other Current Payables*.

265.30% Increase in Contract Liabilities

Contract Liabilities pertain to payments made by unit buyers of unit sales that were not yet recognized as actual sales for the year taking into consideration the policy of the Company in the recognition of sales. The collections of equity from new projects brought about the increase.

100% Decrease in Lease Liabilities

In the adoption of PFRS 16, a lease liability account is set-up. During the period, the *Lease Liabilities* are fully amortized.

51.00% Increase in Borrowings

The Group has available term loans and short-term credit lines with the banks. During the period, there were withdrawals from these credit lines. The proceeds were used for the construction of on-going projects and for working capital requirements.

2.92% Increase in Advances from Related Parties

Advances to and from affiliates caused the increase in *Advances to Related Parties*.

29.63% Increase in Deferred Tax Liabilities

The income tax recognized for the year increased the *Deferred Tax Liabilities*.

39.09% Increase in Retirement Benefit Obligation

Recognition of additional obligations due to retiring employees increased the account.

32.05% Increase in Retained Earnings

The Group earned Php 188,832,200 for the period which brought about the increase in *Retained Earnings*.

2023 Results of Operation

Italpinas reported a net income of Php 188,832,200 for the year.

Results of Operation as at 31 December 2023 compared to as at 31 December 2022

56.02% Increase in Sales

Increase in the sold units increased *Sales*. The additional percentage of construction completion during the period likewise increased *Sales*.

48.25% Increase in Cost of Sales

The additional cost incurred in the construction of on-going projects increased the *Cost of Sales*.

43.29% Increase in General and Administrative Expenses

With the existence of simultaneous projects and the others in the pipeline, the Group continuously expanded its operations. Additional manpower was hired. The Group also secured the services of experts to smoothen the operations. There were improvements in the offices as well. But despite all of these, various control measures are continuously implemented to reduce costs and expenses.

72.08% Decrease in Finance Costs

Payment of a significant amount of bank loans brought about the decrease in *Finance Costs*. Further, portion of the bank interest expense was capitalized.

23.46% Increase in Share in Net Loss from an Investment in an Associate

The Group has 25% shareholdings in Constellation Energy Corporation (CEC). CEC generated a net loss during the period. The Group's share in the net loss of CEC caused the increase in *Share in Net Loss from an Investment in an Associate*.

11.92% Increase in Finance Income

The interest income from in-house financing as well as the penalties collected for late payments of amortization caused the increase in the *Finance Income*.

37.81% Increase in Other Operating Income

The unrealized gain from fair market value of investment properties increased the *Other Operating Income*.

2022 Financial Condition

As of 31 December 2022, the Company had *Total Assets* of Php 2,956,319,150 composed primarily of trade receivables, inventories, project development costs and investment properties.

The Company remains liquid with *Current Assets* amounting to Php 2,004,695,018 as against its *Current Liabilities* of Php 1,340,850,080.

Real Estate for Sale composed of the remaining inventories of Primavera City Phase 1 and the cost incurred for Primavera City Phase 2 and Miramonti Green Residences Phase 1.

To further fuel its growth, the Company acquired development loans for each project as follows:

1. Landbank of the Philippines – Primavera Residences Tower A
2. Bank of the Philippine Islands – Primavera Residences Tower B
3. Development Bank of the Philippines – Primavera City Phases 1&2
4. Landbank of the Philippines – Miramonti Phase 1

Debt-to-Equity ratio is 1.78 in December 31, 2022.

On 31 December 2022, the Company's equity increased by 12.68% brought about by its earnings for year 2022.

Financial Condition as at 31 December 2022 compared to as at 31 December 2021

42.99% Increase in Cash

The company implemented promotions to expedite the collections. Such promotions resulted to bulk collections of receivables through end-user bank financing. This increased *Cash*.

0.95% Decrease in Contract Assets

Contract Assets are rights to consideration in exchange for the real estate that is conditional. *Contract Assets* are recognized based on Percentage of Completion (POC). Additional collections decreased the *Contract Assets*.

23.23% Decrease in Trade and Other Current Receivables

Additional collections from the sale of Primavera City Phase 1 particularly the proceeds from end-user bank financing brought about the decrease in *Trade and Other Current Receivables*.

12.56% Increase in Real Estate for Sale

The additional cost incurred in the construction of on-going projects increased the *Real Estate for Sale*.

11.19% Decrease in Advances to Related Parties

Utilization of advances decreased the *Advances to Related Parties*.

26.15% Increase in Prepayments and Other Current Assets

In 2022, IDC paid withholding taxes and developer's taxes pertaining to title transfers. These withholding taxes and developer's taxes are creditable taxes which caused the *Prepayments and Other Current Assets* to increase. Accumulated input taxes also brought about the increase.

42.60% Increase in Property and Equipment

Despite the depreciation, the *Property and Equipment* increased due to acquisition of computers and office furniture. Also, there were improvements of the office spaces.

100% Increase in Right of Use Asset

The *Right of Use Asset* is a lessee's right to use an asset over the life of a lease.

21.71% Increase in Investment Properties

Way back in 2017, the Company made it as its intended business model that commercial and office units will be offered for leasing instead of holding them for sale. In 2022, the appraised value of these units increased.

34.44% Decrease in Deferred Tax Assets

The income tax recognized for the year decreased the *Deferred Tax Assets*.

20.44% Increase in Investment in Associate and Subsidiaries

IDC have advances in IDC Homes Inc. and IDC Prime Inc. Those advances were intended as deposits for future subscription. In December 2022, IDC subscribed additional shares of IDC Homes Inc. and IDC Prime Inc.

17.10% Increase in Other Non-Current Assets

The capitalization of additional cost to obtain contracts brought about the increase in *Non-Current Assets*.

5.90% Increase in Trade and Other Current Payables

The additional costs incurred for the construction of on-going projects contributed to the increase in *Trade and Other Current Payables*.

99.58% Increase in Contract Liabilities

Contract Liabilities pertain to payments made by unit buyers of unit sales that were not yet recognized as actual sales for the year taking into consideration the policy of the Company in the recognition of sales. Additional collections brought about the increase.

100% Increase in Lease Liabilities

In the adoption of PFRS 16, a lease liability account is set-up.

2.44% Increase in Borrowings

During the year, the Company withdrew from the short-term credit lines for working capital purposes.

0.30% Increase in Advances from Related Parties

Advances to and from affiliates caused the increase in *Advances to Related Parties*.

4.37% Increase in Deferred tax liabilities

The income tax recognized for the year increased the *Deferred Tax Liabilities*.

3.00% Increase in Retirement benefit obligation

Recognition of additional obligation due to retiring employees increased the account.

25.23% Increase in Retained Earnings

The company earned Php 118,715,175 for the period which brought about the increase in *Retained Earnings*.

2022 Results of Operation

Italpinas reported a net income of Php 118,715,175 for the year.

Results of Operation as at 31 December 2022 compared to as at 31 December 2021

1.55% Increase in Sales

Increase in the sold units increased *Sales*.

14.33% Increase in Cost of Sales

The additional cost incurred in the construction and the additional cost to obtain contract increased the *Cost of Sales*.

12.75% Decrease in General and Administrative Expenses

With the existence of simultaneous projects and the others in the pipeline, the company continuously expanded its operations. Additional manpower was hired. The Company also secured the services of experts to smoothen the operations. There were improvements in the offices as well. But despite all of these, *General and Administrative Expenses* decreased due to various control measures implemented by the Company to reduce costs and expenses.

28.27% Decrease in Finance Costs

Payment of significant amount of bank loans brought about the decrease.

6.48% Decrease in Share in net loss from an investment in an associate

The company has 25% shares in Constellation Energy Corporation and 100% shares in IDC Homes Inc., IDC Prime Inc. and Prima Management Corporation. In 2022, Constellation Energy Corporation, IDC Homes Inc. and IDC Prime Inc. has no operations and as such incurred a loss.

1,050.59% Increase in Finance Income

The interest income from in-house financing as well as the penalties collected for late payments of amortization caused the increase in the *Finance Income*.

17.93% Increase in Other Operating Income

The gain on sale of investment properties increased the *Other Operating Income*.

2021 Financial Condition

As of 31 December 2021, the Company had Total Assets of Php 2,731,962,191 composed primarily of receivables from sale of condominium units, real estate inventories for sale and investment properties.

The Company remains liquid with Current Assets amounting to Php 1,942,451,220 as against its Current Liabilities of Php 1,293,125,117.

Real Estate for Sale represents remaining inventory of Primavera City Phase 1. Also, the net cost incurred for projects under construction, Primavera City Phase 2 and Miramonti Green Residences Phase 1.

To further fuel its growth, the Company acquired development loans for each project as follows:

1. Landbank of the Philippines – Primavera Residences Tower A
2. Bank of the Philippine Islands – Primavera Residences Tower B
3. Development Bank of the Philippines – Primavera City Phases 1&2

4. Landbank of the Philippines – Miramonti Phase 1

Debt-to-Equity ratio is 1.89 in December 31, 2021.

On 31 December 2021, the Company's equity increased by 14.32% brought about by its earnings for year 2021.

Financial Condition as at 31 December 2021 compared to as at 31 December 2020

47.19% Decrease in Cash

In 2021, the Company catch-up with the construction of Primavera City Phase 2 and Miramonti Green Residences Phase 1. Because of the pandemic which started in year 2020, almost no construction was done in that year. These contributed to the decrease in Cash.

17.60% Increase in Contract Assets

Contract Assets pertain to receivables from the sales of projects still under construction. The Company's sales from Primavera City Phase 2, Miramonti Green Residences Phase1 for the year increased the Contract Assets.

39.60% Decrease in Trade and Other Current Receivables

Collections from receivables of Primavera City Phase 1 particularly the proceeds from end-user bank financing brought about the decrease in Trade and Other Current Receivables.

43.98% Increase in Real Estate for Sale

Increase in the Real Estate for Sale was due to the additional costs incurred in the construction of Primavera City Phase 2 and Miramonti Green Residences Phase 1.

7.39% increase in Advances to Related Parties

Advances to and from affiliates increased the *Advances to Related Parties*.

35.71% Increase in Prepayments and Other Current Assets

In 2021, IDC paid withholding taxes and developer's taxes pertaining to title transfers. These withholding taxes and developer's taxes are creditable taxes which caused the Prepayments and Other Current Assets to increase. Accumulated input taxes also brought about the increase.

24.51% Decrease in Property and Equipment

Depreciation correspondingly decreased the Property and Equipment account.

42.80% Increase in Investment Properties

Way back in 2017, the Company made it as its intended business model that commercial and office units will be offered for leasing instead of holding them for sale. In 2021, commercial units of Miramonti Green Residences Phase 1 were reclassified as Investment Properties, thus, it increased the account.

57.12% Increase in Deferred Tax Assets

The income tax recognizes for the year increased the deferred tax assets.

23.52% Decrease in Investment in Associate and Subsidiary

The Company has 25% shares in Constellation Energy Corporation (CEC) and 100% shares both in IDC Homes, Inc. (formerly LBD Luzon Corporation) and IDC Prime, Inc. (formerly LBD Mindanao Corporation). CEC had a net loss for year 2021. IDC's share in the net loss of CEC caused the decrease in the investment account. IDC Homes, Inc. and IDC Prime, Inc. were still not operational as of December 31, 2021.

40.12% Increase in Other Non-Current Assets

The Company paid security deposits to Cagayan Electric Power and Light Company (CEPALCO) in relation to the installation of transformers in Primavera City Phase 1. This contributed Other Non-Current Assets account to increase.

23.14% Increase in Trade and Other Current Payables

The costs incurred for the construction of on-going projects, Primavera City Phase 2 and Miramonti Green Residences Phase 1 increased Trade and Other Current Payables account.

98.64% Increase in Contract Liabilities

Contract Liabilities pertain to payments made by unit buyers of unit sales that were not yet recognized as actual sales for the year taking into consideration the policy of the Company in the recognition of sales.

5.54% Increase in Borrowings

Despite the payments made for the year, the Borrowings account increased due to the availments. The Company secured loans from DBP's WPC (Working Permanent Capital) credit line. Tranche releases of development loan from DBP and Landbank were likewise received during the year, which were used for the continuous construction of Primavera City Phase 2 and Miramonti Green Residences Phase 1.

22.54% Increase in Advances from Related Parties

Advances to and from affiliates caused the increase in Advances to Related Parties.

4.44% Increase in Deferred tax liabilities

The income tax recognized for the year increased the *Deferred Tax Liabilities*.

6.29% Decrease in Retirement benefit obligation

Adjustment in the recognition of additional obligation due to retiring employees decreased the account.

4.20% Increase in Retained Earnings

The company earned Php 116,661,648 for the period which brought about the increase in Retained Earnings.

2021 Results of Operation

Italpinas reported a net income of Php 116,661,648 for the year.

Results of Operation as at 31 December 2021 compared to as at 31 December 2020

19.66% Decrease in Sales

Despite the pandemic, the Company was able to sustain its sales. This was achieved in part due to strategic deployment of promotions and calibrated discounts that were implemented by the Company in order to sustain sales through the unprecedented pandemic conditions. While these measures rendered positive results, and sales activity remained robust, a decrease in sales is reported as a result of close compliance with current accounting standards regarding the recognition of sales, and the resulting adjustment to the reflected amount.

34.54% Decrease in Cost of Sales

Decrease in Sales correspondingly decreased the Cost of Sales.

20.03% Decrease in General and Administrative Expenses

With the existence of simultaneous projects and the others in the pipeline, the company continuously expanded its operations. Additional manpower was hired. The Company also secured the services of experts to smoothen the operations. Additional offices were set-up as well. But despite all of these, General and Administrative Expenses decreased due to various control measures implemented by the Company to reduce costs and expenses.

33.05% Decrease in Share in net profit (loss) from an investment in an associate

The Company recognized its shares in the loss of its investment in Constellation Energy Corporation.

90.62% Decrease in Finance Income

Finance Income partly pertains to interest income coming from sales through In-House Financing scheme. However, most of the sales that the Company generated were through Bank Financing scheme. As such, Finance Income is decreasing.

8.02% Increase in Finance Costs

These pertain to bank interests which increased due to tranche releases of development loans during the year. Likewise, there were interest expenses paid due to the draw- downs from the short-term credit lines.

26.26% Decrease in Other Operating Income

As discussed above, way back in 2017, the Company made it as its business model that commercial and office units will be offered for leasing instead of holding them for sale. The appraised value of these units increases over the years. However, no new unitswere subjected to appraisal except the commercial spaces of Miramonti Green Residences, thus, appraisal income decreased.

OTHER INFORMATION

1. Any known trends, events, or uncertainties (material impact on liquidity):

No known trend, events or uncertainties have material impact on the Company.

2. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation:

Not applicable.

3. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period:

The Company has not entered into any material commitments as of June 30, 2024 nor has it entered into any material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons created during the applicable period.

4. Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures:

None outside the course of ordinary business of the Company.

5. Any known trends, events or uncertainties (material impact on sales):

None.

6. Any significant elements of income or loss (from continuing operations):

None outside the course of ordinary business of the Company.

7. Causes for any material changes from period to period of FS which shall include vertical and horizontal analyses of any material item (5%):

Please see discussion above.

8. Seasonal aspects that have material effect on the FS:

No seasonal aspects that have a material effect on the financial statements.

9. Percentage of Sales contributed by foreign buyers:

Not material. For the last 4 years, percentage of sales to foreign buyers are 6.01, 11.82 13.03 and 8.00 for 2020, 2021, 2022 and 2023, respectively.

Item 5. Brief Description of the general nature and scope of the business of the registrant and its subsidiaries

OVERVIEW OF THE BUSINESS

Italpinas Development Corporation was incorporated in 2009 as Italpinas Euroasian Design and Development Corporation. The Company was subsequently renamed Italpinas Euroasian Design and Eco-Development Corporation. On July 15, 2015, the SEC approved the change of the Company's name to "Italpinas Development Corporation." Its primary purpose is to engage in the business of real estate development. The Company draws from its expertise in architectural design, market and demographic strategy, project development, and sales.

IDC uses passive and active green design strategy in developing high performance real estate properties in up-and-coming cities in the Philippines with high growth potential. The Company makes use of in-depth market research, design, and development strategies that start with a deep analysis of the target site's social, economic and environmental conditions for its property development projects.

The Company's first development project was the Primavera Residences located in the Pueblo de Oro Township in Cagayan de Oro City. It is a twin-tower 10-storey mixed-used condominium development which was well received by the local market and among investors across the Philippines and overseas. Construction of the first tower started in June 2010 and was completed in August 2012. The second tower was subsequently completed by the third quarter of 2015. Towers A and B of the Primavera Residences are almost fully sold. Primavera Residences has been awarded as the "Best Mixed-Use Development in the Philippines" by the International Property Awards, awarded in Kuala Lumpur, Malaysia in 2014 and was also "Highly Commended" in the "Best Condo Development" category at the Southeast Asia Property Awards held in Singapore in 2011. It was also awarded as a finalist among the "Most Promising Clean Energy Investment Opportunities" at the Climate Technology Initiative Private Financing Advisory Network (CTI PFAN) held in Manila in 2010.

The Company currently has a pipeline of projects. The next sustainable mixed-use condominium project by IDC is Primavera City, which is also located in the Pueblo de Oro Township in Cagayan de Oro City. At a competition held in Singapore on February 22, 2013, it was awarded as one of the top ten "Most Promising Clean Energy Investment Opportunities" by the Climate Technology Initiative Private Financing Advisory Network (CTI PFAN), whose funding partners include the Asian Development Bank (ADB) and the United States Agency for International Development (USAID). Primavera City also recently received the citation under the "Best Mixed-Use Development" category at the International Property Awards Asia Pacific in 2017 held in Bangkok, Thailand.

Primavera City is being implemented in four (4) phases. Phase 1 is comprised of Towers A and B, and Podium C (the commercial area and the basement parking) and was launched in June 2016 and March 2017, respectively. Construction of Primavera City Phase 1 was fully completed at the end of 2021. As of June 30, 2024, Tower A and Tower B are almost fully sold. The Company launched Phase 2 of the Primavera City last June 2019. Construction of Primavera City Phase 2 is expected to be completed by 3rd quarter of 2024. As of June 30, 2024, Primavera City Phase 2 is likewise almost fully sold. Phase 3 and Phase 4 are slated for development in the 4th quarter of 2024. While Phase 3 follows the design and concept of Phases 1 and 2, Phase 4 is envisioned as a high-rise condotel. In fact, a Serviced Residences Management Agreement was signed between

IDC Prime Inc. and Scotts Philippines, Inc. the Philippine subsidiary of Ascott Ltd., on August 4, 2023, for the purpose of operating Phase 4 as a serviced residence under the Citadines brand.

As of June 30, 2024, all lots comprising Primavera City Phases 1 to 4, and totaling 6,558 square meters have been fully paid, and registered in the Company's name. The lots comprising Phases 3 and 4, totaling 2,810 square meters, has been conveyed to the Company's majority-owned subsidiary, IDC Prime, Inc., by way of payment for subscription in the latter's increase in capital stock. IDC Prime, Inc. will be developing Phases 3 and 4.

As of even date, the Company has also fully paid a 2,057 sq.m parcel of land in Sto. Tomas, Batangas. This is the site for IDC's mixed-use development project, the Miramonti. As of June 30, 2024, the company has sold more than 82% of the units available for sale.

The Miramonti project site is strategically located adjacent to the Manila-Batangas expressway, the Southern Tagalog Arterial Road ("STAR") Tollway, and directly accessed by the existing expressway exit, which is attractive to both growing local demand as well as the constant flow of traffic passing between Metro Manila and the Batangas City area.

Commercial properties will address a pronounced gap in commercial unit supply in the Sto. Tomas area, while the residential units and serviced apartments will serve the demand for accommodation from growing expatriate markets, transient markets, and from personnel frequenting the industrial and commercial zones between Metro Manila and Batangas port.

In a similar strategy to that in Primavera City, the Company acquired a 5,347 square meter lot adjacent to Miramonti. This lot was likewise conveyed to IDC Prime, Inc. by way of payment for subscription to the increase in capital stock. IDC Prime, Inc. will develop the property into Miramonti Phase 2, which is also subject of a Serviced Residences Management Agreement with Scotts Philippines, Inc., which will market the same under the Citadines brand.

The Company has also concluded Joint Venture Agreements for the development of properties in the following locations: (a) Upper Carmen, Cagayan de Oro; (b) Lapasan, Cagayan de Oro; (c) Gusa, Cagayan de Oro; (d) Dahilayan, Bukidnon; (e) Puerto Princesa, Palawan; and (f) Morong, Bataan.

In addition to the immediate pipeline of projects, the Company continues to pursue wide ranging analysis and field observations in order to identify additional locales in the Philippines that are consistent with its existing portfolio of hyper-prospective growth nodules in under-valued secondary and tertiary cities. The company is focused on expanding its presence in the areas wherein it already has existing projects such as Cagayan de Oro and Batangas, and have identified potential areas for future developments in Southern Luzon & Visayas. The Company is still in the process of conducting due diligence and validation of other areas of interests.

The Company has not been involved in any bankruptcy, receivership, or similar proceedings.

Corporate Vision-Mission

Vision: We strongly believe that human technique is inseparable from nature and nature is our inspiration. Therefore, we aim to design and build an environment where human development is in a balance with its environment.

Mission: We provide unique, innovative, sustainable and safe real estate products that satisfy and exceed the expectation of our customers, business partners and stockholders because “*not all buildings are created equal*.”

The Founders of IDC

In 2009, Arch. Romolo Nati, a talented professional Italian Architect with international experience in design, real estate and property development in countries such as Italy, Estonia, Romania and other European countries came to the Philippines and met Atty. Jose D. Leviste III, an accomplished Filipino lawyer whose education and work experience were nurtured in the Philippines, United States and Australia. After learning that they both share the same vision and passion in promoting sustainable developments in the Philippines, these two successful professionals teamed up and, with the support of Jose Leviste, Jr., a seasoned Filipino renewable energy entrepreneur, corporate social responsibility advocate and sustainable mining investor, established ITALPINAS Euroasian Design and Eco-Development Corporation, subsequently renamed as Italpinas Development Corporation.

Arch. Nati inspires, conceptualizes, and directs the Company’s designs, including its performance-based design solutions and systems, as well as its unique visual aesthetic. The approval of final architectural plans, as well as any other steps as may be required, is done by duly licensed and accredited Filipino architects.

Unique Value Proposition

IDC has the following value propositions that the Company believe puts it ahead of its competitors:

- LOCATION — We develop in up-and-coming cities, in safe and growing areas
- DESIGN — We deliver innovative, elegant and green Italian Design
- BUILDING — We build high quality, smart, safe and affordable buildings
- GREEN — We reduce environmental impact (lower energy and water consumption)

Awards, Recognition and, Track Record

Although IDC is a young company, its projects have been recognized and awarded by prestigious international organizations:

1. Best Mixed-Use Development in the Philippines 2023-2024 by International Property Awards- Asia Pacific (Verona Green Residences – with IDC Homes, Inc. as developer)

2. EDGE Champion (Worldwide) for 2023

3. Best Mixed-Use Development in the Philippines 2019-2020 by International Property Awards- Asia Pacific (Miramonti Green Residences)

4. Best Innovation Project of the Year 2018 by The Outlook-Lamudi, Philippines (Miramonti Green Residences)

5. Winner Of Best Mixed Used Development in The Asia Pacific in 2017 By the International Property Awards Held in Bangkok, Thailand, For Primavera City

6. Recognition By the Green Building Philippines, International Finance Corporation, Philippine Green Building Initiative with The Support of The Swiss Confederation for Promoting the Greening of The Building Sector, September 15, 2016
7. Winner Of Leadership in Green Building in the 2016 Philippine Green Building Council Awards, July 2016, For Primavera Residences
8. First Completed Condominium Project in East Asia in 2015 By Edge (Excellence in Design for Greater Efficiencies), For Primavera Residences
9. Winner Of Best Mixed-Use Development in The Philippines in the 2014-2015 International Property Awards, For Primavera Residences
10. Highly Commended as Best Condominium Development in The Philippines in the 2011 Southeast Asia Property Awards (Seapa), For Primavera Residences
11. Finalist In the Most Promising Clean Energy Investment Opportunities in the 2010 Cti-Pfan Asia Forum for Clean Energy Financing (Philippines), For Primavera Residences
12. Finalist In the Most Promising Clean Energy Investment Opportunities in the 2013 Cti-Pfan Asia Forum for Clean Energy Financing (Singapore), For Primavera City
13. Winner Of the Special Energy Award in the 2011 International Architectural Competition (Design Against the Elements, “Date”), Coral City
14. Highly Interesting Real Estate Project in the 2012 Xavier (Ateneo) University Cagayan De Oro City, For Primavera Residences and IDC
15. Highly Appreciated for Environmental Protection for Sustainable Development In 2011 by the National University Of Manila, For Primavera Residences

In addition, the two founders have also been invited to speak in notable events such as:

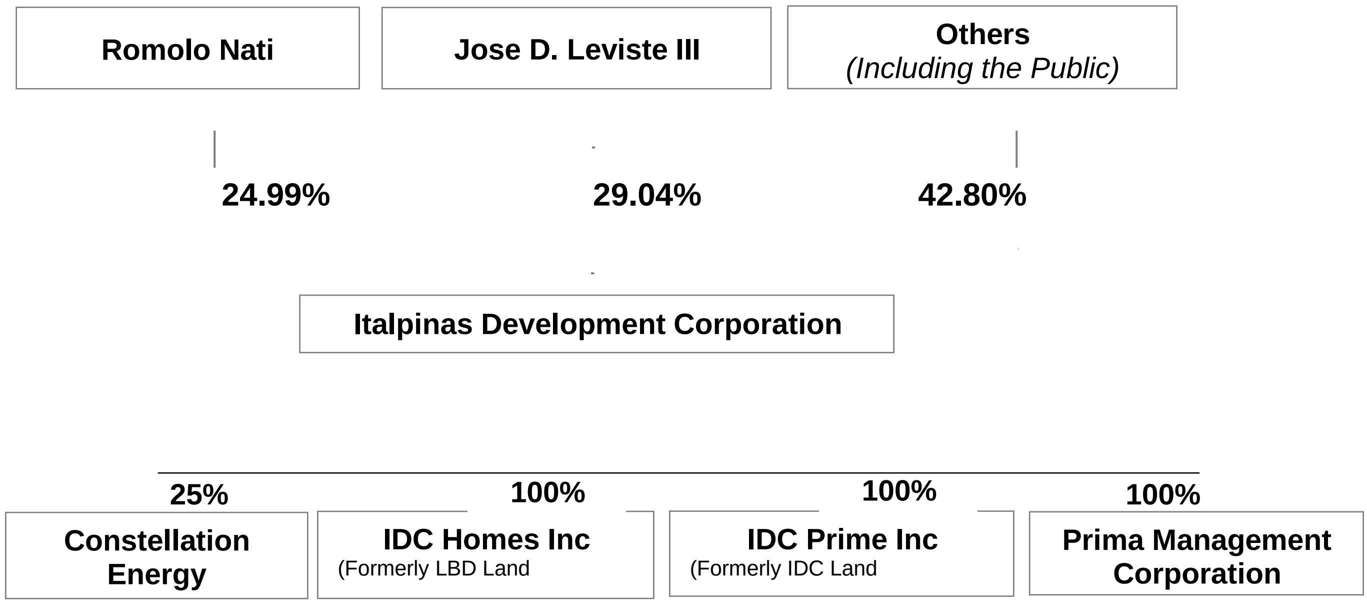
- “High level dialogue on ASEAN- ITALY Economic Relations” held in Singapore, organized by The European House-Ambrosetti;
- World Architecture Festival, as panelists, Singapore, 2015
- The Sustainability Summit Asia 2018 organized by The Economist in Kuala Lumpur; and
- The International Property Award event held in Bangkok in May 2019

Arch. Nati and Atty. Leviste have been also featured in National Geographic Magazine, Asia Edition, in 2014 for their innovation in Real Estate.

IDC developments are rated by EDGE (Excellence in Design for Greater Efficiency), the Green

Building Rating System, developed by IFC (International Finance Corporation), which is part of the World Bank Group.

CORPORATE STRUCTURE



As of June 30, 2024, the Company’s substantial shareholders are Architect Romolo Nati with 24.99%, and by Attorney Jose D. Leviste III with 29.04%. The remaining are owned by the public, with some officers and directors owning a non-substantial number of shares. The Company owns a 25% stake in Constellation Energy Corporation and a 100% stake in IDC Homes Inc (formerly LBD Land Corporation), IDC Prime Inc (formerly IDC Land Corporation) and Prima Management Corporation respectively.

SUBSIDIARIES

IDC Prime Inc (Formerly IDC Land Corporation)

IDC Prime Inc (Formerly IDC Land Corporation), a wholly-owned subsidiary of the Company, was incorporated last 19 August 2019 in order to streamline the Company’s operations in Mindanao. The development of Miramonti Phase 2 has been assigned to IDC Prime.

IDC Homes Inc (Formerly LBD Land Corporation)

IDC Homes Inc (Formerly LBD Land Corporation), a wholly-owned subsidiary of the Company, was incorporated last 19 August 2019 in order to streamline the Company’s operations in Luzon. The development of Verona Green Residences has been assigned to IDC Homes.

Prima Management Corporation

Prima Management Corporation, a wholly-owned subsidiary of the Company, was incorporated last 23 February 2022. Its primary purpose is to operate, hold, or provide partial or full-service management and maintenance of real estate businesses.

ASSOCIATES & AFFILIATES

Constellation Energy Corporation

At present, multiple factors converge in the Philippines to make renewable energy a prospective area. These include the passage of new legislation (the Renewable Act of 2008) that protects and encourages renewable energy development, the price of energy in the Philippines that remains among the highest in the region, as well as a shortage of energy production across the Philippines which represents demand for new generation.

In line with its commitment to sustainable development, the Company also holds a 25% equity stake in Constellation Energy Corporation ("Constellation" or "CEC"), providing it with strategic exposure to growth in the renewable energy industry and the Philippines' increasing demand for power. Constellation is engaged in the development of renewable energy facilities to provide clean sources of power and assure a stable supply of electricity to Filipino homes and industries.

Constellation Energy Philippines ("CEC") is a renewable energy development firm with development projects in hydroelectric, geothermal, and wind technologies. Together with its partners and investors, Constellation envisages the development of each of its projects into an independent power producer, producing electricity from natural resources and selling to the grid with electrical cooperatives, individual industrial consumers, and/or other entities as the buyers, or under the Philippine government's Feed-in-Tariff system. Constellation also provides technical consultancy, political and country risk management, financial advisory in connection with the energy field in the Philippines, backed by an extensive network and well-established government and community relations from national to local levels.

CEC was incorporated on June 24, 2008. As of June 30, 2024, CEC has paid-up capital totaling PhP20 million. It is 50% owned by Jose P. Leviste Jr. & spouse, 25% owned by Lili Investment Services Inc., and 25% owned by IDC.

CEC's board of directors consists of: Jose P. Leviste Jr. (Chairman), Romolo Nati (Vice Chairman), Jose D. Leviste III (President), Shennan A. Sy (Treasurer and Corporate Secretary), and Jennifer D. Leviste. CEC has officers in common with IDC, namely Jose D. Leviste III (concurrently President/Director of both CEC and IDC), and Romolo V. Nati (concurrently Vice Chairman/Director of CEC & Chairman/CEO/Director of IDC).

CEC has not established a specific dividend policy. Dividends may be issued to all shareholders on the basis of outstanding stock held by them. The amount, type and date of payment of the dividends to the shareholders would be determined by the Board of Directors of CEC.

Primavera Residences Condominium Corporation (PRCC)

PRCC was initially incorporated and registered with SEC by the Company in order to be the Condominium Corporation for the Primavera Residences project. The Company owns certain units at the Primavera residences and participates as a member of the affiliate's BOD.

Other Holdings

Below are the other holdings of Attorney Jose D. Leviste III and Architect Romolo Nati:

Jose D. Leviste III

Asian Corporate Network	Constellation Energy Corporation Philippines	Asian Arc Mining Resources Inc.	Italpinas Development Corporation
Director	President	President	President
31% ownership	Less than 5% ownership	Nominal ownership	29.04% ownership

Romolo V. Nati

Damiani Property management and Services, Inc.	Italpinas Development Corporation
Chairman	Chairman
25% ownership	24.99% ownership

COMPETITIVE STRENGTHS

Unmet demand for housing and stable organic increase in population make it likely that real estate in the Philippines will continue to grow at a steady rate. This is further supported by strong macro-economic growth, rising foreign investment, and increasing spending power among OFW families. While new housing developments have concentrated in the main cities, secondary and tertiary cities have been underserved, and represent an opportunity in the inevitable shortage in housing supply.

The Company is especially well poised to capitalize on this opportunity given the following competitive strengths:

Future-Fluent Intuition in Choosing Locations

The Company engages in rigorous and intensive market research, not just of the prospective projects, but of the host city as a wider demographic entity. This works in tandem with Architect Nati's extensive experience in real estate investment, and Atty. Leviste's academic background in sociology, which together manifest as a unique intuition in what areas or communities will be the next sites of rapid and inevitable growth. Target communities are chosen based on their position as up-and-coming, next wave communities. Cities are prioritized for having sharp growth prospects including steady organic growth, and dynamic economic and demographic prospects. Primavera Residences, for example, was the first condominium development of its kind in Cagayan de Oro at the time that its construction commenced, which demonstrates the foresight employed at the time to anticipate what is now proven to be a major growth center for property development.

Strong Culture of Research and Innovation

All of IDC's real estate developments are the product of in-house architectural design and innovation. The research and development heritage of the Company, through the extensive career of Architect Romolo Nati, extends to the portfolios of his European firm, ITA Projects (based in Italy and Estonia). In this predecessor firm, Architect Nati developed methods and characteristic aesthetics that the Company now deploys in the Philippines, such as the use of parametric architecture.

These design processes are possible only with the use of particular software running in graphic stations with high-powered computers. This software, when operated by an architect, is able to integrate various parameters such as weather conditions, financial requirements, functional needs, etc. with the goal of finding the best possible combination of all these elements in various degrees. The final design result represents the best possible solution (based on the given data). This process can also be called performance-based design, because the final design is the one that is expected to perform best out of the infinite number of possible combinations and permutations. In practice, since building sustainability and performance is achieved through design (as explained above rather than through the deployment of expensive high-tech features), the final product is affordable to buy and maintain. This is an important objective of IDC's innovation and research: the democratization of quality and sustainability in the real estate market.

In the Philippine context, where a substantial share of power consumption is for air conditioning and cooling, one main goal of IDC's sustainable designs is to reduce the indoor temperature in its developments. Increasing natural ventilation and reducing the direct sun projections on the windows (without compromising natural light) is the main task in reducing power consumption. The conservation of water and the reduction of the overall environmental impact during construction and for the entire life of the project are also important targets that the Company achieves through these approaches.

Total Commitment to Sustainable Development

The Company's aesthetic and design philosophy operate in tandem with a commitment to environmental conservation. The result of the Company's design innovations is not only to lighten the impact of development upon the environment, but also to lessen the dependence of end users on energy and water. This delivers savings to the end user, and is a key value proposition of the Company's developments.

Complementary Blend of Expertise

Architect Romolo V. Nati draws from his Italian design heritage and 15 years of professional experience to bring the latest and most advanced creative and performance-based architecture. He also has extensive experience in real estate development as well as architectural design. He has designed several buildings in his native Italy, as well as award winning public buildings in Estonia. He was also the recipient of design awards from BMW and Mitsubishi. His partner, Attorney Jose D. Leviste, offers forward-looking Filipino perspective. His legal background included commercial litigation while in private practice in Sydney, Australia. His project development experience includes his role as President and Chief Executive Officer of Constellation Energy Corporation, which is developing four (4) renewable energy generation assets utilizing wind, hydro, and geothermal technologies. The result is a combination of both novel and innate cultural influences, as well as complementary professional backgrounds.

BUSINESS STRATEGIES

To Bring the Power of Creativity and Architectural Design to the Market

Central to the Company's strategies is the consistent emphasis on its own creative designs to deliver an unprecedented level of innovation performance, and cutting-edge aesthetic through its buildings. Currently, such attributes are seen as reserved for elite projects in the main cities of the Philippines. Through "Performance-Based" Design Strategy, the Company will deliver these qualities in its performance-based developments and make them available in highly prospective, yet thus far, underserved market segments.

Performance-Based Design Strategy, when deployed together with the multi-awarded architectural skill of Arch. Romolo Nati and IDC's design team, results in direct benefits to the project's end-users such as quality of experience and day-to-day savings, among others.

In the Philippines, for example, a major goal is to decrease excess reliance on power and water, and to maintain cool interior temperatures. As such, IDC buildings are designed to perform in these respects, by optimizing shading, encouraging airflow, among other things, in order to reduce the end-users' costs spent on energy for air-conditioning and other forms of consumption.

Further, Performance Based Design is also used to mitigate construction costs. By reversing the market's expectations and assumptions by bringing superior design at the appropriate price, the Company was able to penetrate this underserved market and turn out successful developments in previously untapped areas.

To Choose Locations in their Early Growth Phases and Ride New Property Booms Within the Philippines

A key philosophy of the Company's growth plans is to carefully choose project locations in order to gain exposure to the highly prospective growth rates of secondary or tertiary cities. These hyper-prospective nodes of growth are chosen for being strategically significant or particularly vibrant or promising demographically. It is not the Company's strategy to locate projects in already well-developed communities. Rather than compete with existing developers in already well-served areas, the Company seeks target cities with significant growth prospects and demographically suitable areas. Within the target communities, the Company also chooses locations that are safer and more secure from natural calamities and geo-hazards (such as less flood-prone areas) and designs structures with emphasis on safety from major calamities.

To Increase Leasable Floor Space in Order to Bring Steady Revenue to the Company

The Company has thus far had a favorable experience with operating rental properties in its first project, Primavera Residences, as a developer-landlord. It intends to build on this initial success by continuing to develop, and retain more commercial and residential leasable units in subsequent developments. By doing so, the Company expects to generate an ancillary source of income in the leasing and management of these properties.

COMPLETED AND ONGOING PROJECTS

Completed and On-going Projects of IDC				
	Primavera Residences	**Primavera City**		**Miramonti**
No. of Towers	2 Towers	Phase 1: 2 Towers	Phase 2: 2 Towers	Phase 1:1 Tower
No. of Floors	10 floors	12 floors	12 floors	21 floors
No. of Units/ Residential	298 units	291 units	291 units	352 units
No. of Units/ Commercial	28 units	50 units	57 units	12 units
Approx. Gross Building Area	19,961 sq.m.	18,489 sq.m.	21,063 sq.m.	20,593 sq.m.
Net Sellable Floor Area	11,957 sq.m.	13,143 sq.m.	13,146 sq.m.	12,270 sq.m.
Total No. of Units (including parking)	380 units	404 units	423 units	406 units
Stage	COMPLETED	COMPLETED	CONSTRUCTION ON-GOING	CONSTRUCTION ON-GOING

Primavera Residences

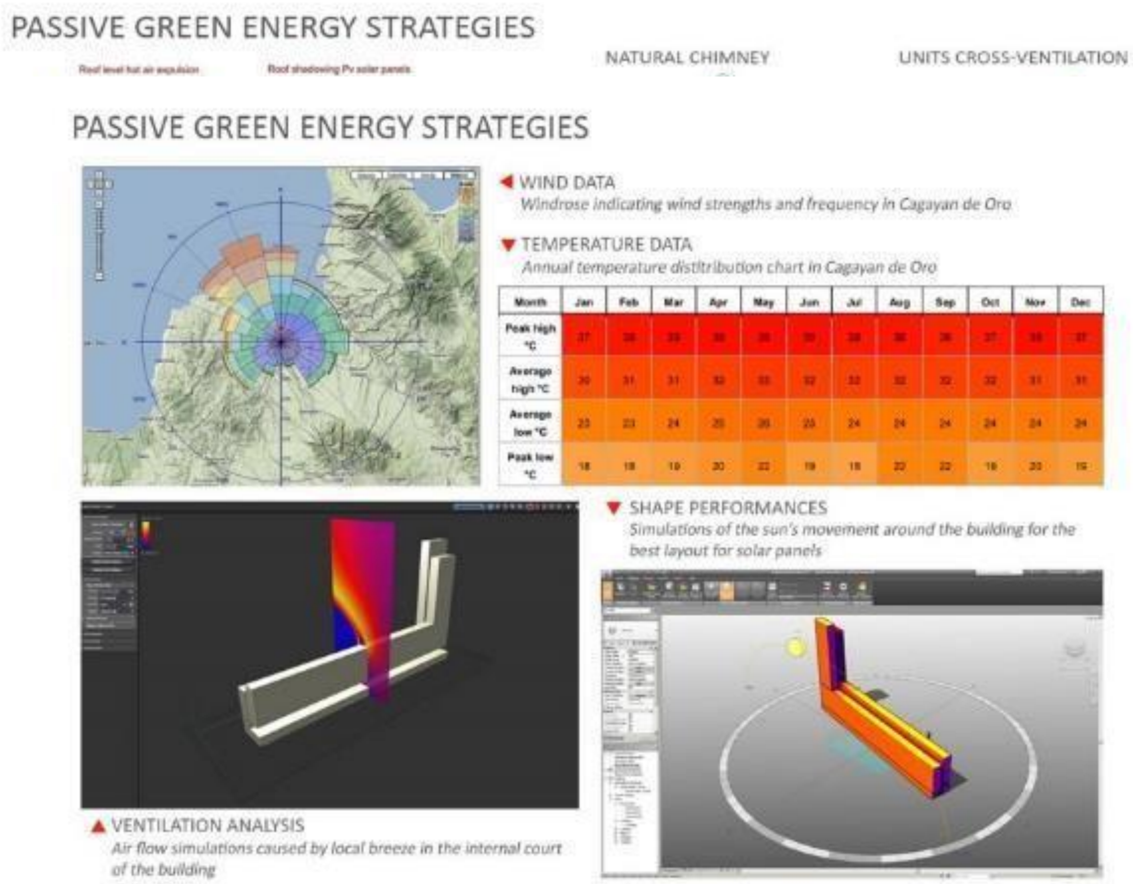
IDC's debut project, Primavera Residences, commenced construction in June 2010. The complex consists of twin mid-rise mixed-use green buildings, the first of which was completed in August, 2012. The second tower was completed in December, 2015 and turned over to buyers.

Primavera Residences is located in Pueblo de Oro Township, a world-class master-planned community in flood-free uptown Cagayan de Oro City. Primavera Residences is adjacent to SM City CDO, schools, offices, churches, and a golf course. It is situated inside the Pueblo de Oro Business Park, an export zone registered with the Philippine Export Zone Authority (PEZA). The Company was able to establish itself here as the "first-mover" in introducing condominium living in Cagayan de Oro City.

Primavera Residences has already been recognized for the buildings' unique design architecture, environmentally friendly features, and the quality of its development. In 2016, the Company was awarded the Leadership in Sustainability Design Award by the Philippine Green Building Council for its pioneering Primavera Residences project in Uptown Cagayan de Oro. In May 2014, it won the Best Mixed-Use Development in the Philippines Award given by the International Property Awards in Kuala Lumpur. It was also highly commended as one of the Best Condo Developments in the Philippines at the 2011 Southeast Asia Property Awards (SEAPA) held in Singapore in November 2011, and was awarded a Recognition Certificate as a finalist and one of the "most promising clean energy investment opportunities" during the Climate Technology Initiative Private Financing Advisory Network (CTI PFAN) Philippine Clean Energy Investment Forum in Manila on June 21, 2010.

Arch. Nati inspires, conceptualizes, and directs the Company's designs, including its performance-based design solutions and systems, as well as its unique visual aesthetic. The approval of final architectural plans, as well as any other steps as may be required, is done by duly licensed and accredited Filipino architects.

Primavera Residences is a twin-tower project consisting of Building A, with ten (10) floors and Building B, with ten (10) floors plus mezzanine. The total floor area of both buildings is 19,961 square meters. In Building A, the ground floor is for commercial while the second floor is for office spaces and the multipurpose hall to serve the community. Amenities such as the gym, pool, and green courtyard are at the third floor. Residential units are located from the third floor to the tenth floor. In Building B, the Ground floor is for commercial use, with parking available (to serve both buildings) at the mezzanine and second floors.



Residential units are located from the third to the tenth floor, with an open-air playground and socials space found at the third floor. The shared rooftop spanning both buildings feature drying cages for the convenience of residents, and will soon showcase a solar panel installation to supply a portion of the energy needs of the building's common areas. In addition, the buildings are equipped with entrance lobbies, two elevators each, CCTV security cameras, and provision for cable television, landlines, and internet access. The building showcases green features to both save and generate energy. Façades are shaded by cantilevered ledges that protect windows from direct contact with the sun's rays during the hottest times of the day. The dimensions and placement of these ledges are optimized by the use of parametric design software, taking into account the exact path traveled by the sun through the sky, each day throughout the year, at the building site's precise latitude on the earth.

The building is also designed to decrease indoor temperature by increasing natural ventilation. This is achieved through green strategies including an inner courtyard that functions as a natural chimney, drawing warmer air upward from the 3rd floor through the top of the building, which, in turn, creates natural suction of cooler air laterally inward from the building's exterior. The design of individual units also channels this movement of air to significantly enhance cross-ventilation in each household.

The precise management of shading features allows larger window designs without raising temperature. Together with the open inner courtyard, this optimizes natural lighting throughout units and common areas without the heating effects of unmitigated sunlight, resulting in further energy savings.

The two buildings have an aggregate of two hundred ninety-eight (298) residential units, twenty-eight (28) commercial units and fifty-four (54) parking slots.

As of June 30, 2024, units available for sale of this project is almost fully sold.

Primavera City

Photo: Primavera City Architectural Rendering

Also located near SM City CDO in the Pueblo de Oro Business Park, Primavera City is designed as a seven-building cluster and is planned to be constructed in four (4) phases as follows: Phase 1 to consist of the first and second buildings on the first two contiguous lots; Phase 2 to consist of the third and fourth buildings on the next two contiguous lots; Phase 3 to consist of the fifth and sixth buildings on the next two contiguous lots; and Phase 4 to consist of a single high-rise building on the last (seventh) of the contiguous lots. The construction of Phase 1 commenced in 4Q 2016 and was fully completed.

The area's only real estate project comprised of seven mixed-use residential and commercial buildings with passive and active green features and utilizing a massive solar panel array at the building's rooftop, Primavera City bested over 100 other clean energy projects across Asia in real estate competitions.
In 2017, the Company once again received the citation in the Best Mixed-Use Development category at the International Property Awards Asia Pacific for Primavera City. The project has also been awarded by the Climate Technology Initiative Private Financing Advisory Network (CTI PFAN), whose funding partners include the Asian Development Bank (ADB) and the United States Agency for International Development (USAID), as among the top ten "Most Promising Clean Energy Investment Opportunities" projects in a competition held in Singapore on February 22, 2013.

This twelve-storey mixed-use development is designed to have one (1) floor of ground parking, one (1) floor of basement parking, one (1) floor commercial, two (2) floor offices, eight (8) floors of residential space, and a roof deck featuring amenities like a pool, a gym, a multipurpose function hall, and a roof garden. Each building is planned to feature an array of photovoltaic panels that will generate energy for the building's consumption. In addition, passive green features of the building's design will significantly reduce the energy required for air-conditioning.

The second phase of the Primavera City project commenced in 4Q 2019 and is expected to be completed by 3Q 2024. Primavera City phase 2 project is a mixed-use project consisting of 12 floors with 291 residential units located from the 4th floor to 11th floor. The third and fourth phase, high-rise mixed use condominiums, are slated for development in 4Q 2024 or sooner depending on the sales take up of the projects.

Miramonti Green Residences

The two-phase Miramonti project will sit on a 7,404 square meter prime property located at Millenium Drive, Light Industry Science Park III, San Rafael, Municipality of Sto. Tomas, Province of Batangas, Philippines. The two parcels of land had been purchased by IDC, and registered in its name. The parcel corresponding to Phase 2 has been conveyed to IDC Prime, Inc. as payment for subscription in its increase in capital stock.

Photo: Miramonti Green Residences Architectural Rendering

Miramonti Green Residences, has recently won the prestigious Asia Property Awards 2019-2020 by The International Property Awards in the category of Best Mixed-use Development within the Asia-Pacific Region. The project was also awarded Best Innovation Project of the year by Lamudi-Outlook Property Award 2018, organized by the top Philippine real estate portal, Lamudi.

Miramonti Phase 1 commenced construction on December 2018 and is slated to be completed on 2025. The mixed-use building is comprised of 21 floors, with the ground floor allotted for commercial spaces, mezzanine floor for convention halls and office spaces, the second and third floors for parking, the fourth floor is devoted for the amenities such as swimming floor, gym, jogging path and garden and a multi- purpose room. The residential units start at the 5th floor up to the 20th floor. The roof top will have the terrace and the solar panel.

The second commercial/residential lot with an area of 5,347 square meters identified as Lot 1 of Block 3A will be the site of the prospective Miramonti Phase 2. The company has bought the property outright. The development of Miramonti Phase 2 has been assigned to IDC Prime, which has entered into a Serviced Residences Management Agreement with Scotts Philippines, Inc., the Philippine subsidiary of Ascott Limited. Once completed, Miramonti Phase 2 will be operated under the Citadines brand.

Based on in depth assessments of the Company, the best use for this property is deemed to be a mixed-use development. This involves the construction and development of state-of-the-art “eco-logic” mixed-use apartments with more than 19,276 sq.m. of gross buildable area. The master plan development is envisioned as a “green” community of three (3) mixed-use buildings consisting of 21 floors each with commercial, office, retail and residential components.

Verona Green Apartments

The Project, which is a joint venture with a prominent family in Cagayan de Oro, is to be built on 11,327 square meters of land located at Barangay Upper Carmen, Cagayan de Oro City. It is a Green Walkup development consisting of 15 mixed-use buildings of four stories for Phase I, and 4 residential buildings of four stories for Phase II. Phase I’s ground floor is allocated for commercial use, with the succeeding 3 floors allocated for residential use, having a total number of 30 commercial units and 270 residential units, averaging 24.26 sqm per residential unit. Phase II has 4 residential floors comprising 384 residential units with an average of 21 sqm per unit. There are 104 Parking Slots allotted for Phase I and 53 Parking Slots for Phase II.

FUTURE PROSPECTS

The Company has also concluded Joint Venture Agreements for the development of properties in the following locations: (a) Lapasan, Cagayan de Oro; (b) Gusa, Cagayan de Oro; (c) Dahilayan, Bukidnon; (d) Puerto Princesa, Palawan; and (e) Morong, Bataan.

In addition to the immediate pipeline of projects, the Company continues to pursue wide ranging analysis and field observations in order to identify additional locales in the Philippines that are consistent with its existing portfolio of hyper-prospective growth nodules in under-valued secondary and tertiary cities. Through a combination of qualitative and quantitative market studies, the Company has identified additional target acquisitions located in have identified potential areas for its future developments in Southern Luzon & Visayas.

COMPETITION

While the Philippine Real Estate Industry is dominated by several major players such as Ayala Land, SM Prime, Mega World, Vista Land, Century Properties and Filinvest focusing developments within the Greater Metro Manila areas and mega cities, IDC continues to focus its development by establishing and expanding in secondary cities with dynamic economic growth potential.

Batangas as the Fastest Growing Economy in CALABARZON in 2021 and with Sto Tomas being a newly declared city in 2019, IDC's Miramonti Green Residences located in Sto. Tomas, Batangas is the first and only vertical development in the city. As such, being the first mover and the only sole towering structure, which can be seen alongside the majestic Mt. Makiling.

Figure 1Miramonti Green Residence in Sto. Tomas, Batangas

For Cagayan de Oro, condominiums were not that popular in Northern Mindanao until IDC initiated the construction of Primavera Residences in 2010, setting the trend for increased condominium construction in Cagayan De Oro city.

Currently, Cagayan de Oro City marketplace is flocked by both national players such as Ayala Land, Vista Land, SM Prime and Filinvest as well as VisMin developers such as Cebu Land Masters and Johndorf Ventures Corp.

Amidst competition, IDC continues to dominate the marketplace through a combination of first mover advantage, location advantage point and unique value proposition anchoring on long time relations with its valued clienteles.

IDC is the first developer in Cagayan de Oro to establish in Uptown Cagayan de Oro in 2010, thereby reaping the benefits of Uptown CDO's growth potential.

IDCs maiden and current projects, Primavera Residences and Primavera City, as well as its incoming development Verona Green Residences are all located within the West Uptown area of Cagayan de Oro which is characterized by higher elevation, and therefore flood-proof terrain. It also offers cleaner, cooler, less polluted, and more spacious environments with less congestion in contrast to downtown Cagayan de Oro.

The West Uptown of Cagayan de Oro is an urban expansion area identified and defined by the updated comprehensive development plan 2022-2025 for Cagayan de Oro City as consisting of Barangays Carmen, Canitoan, Lumbia and Pagatpat. The area is envisioned to be a medium to high-density, mixed-use pedestrian friendly center with high end, low-density type of development for residential and commercial uses. This area will decongest the present major urban center/city core and shall provide more opportunities for socio-economic activities. The Lumbia Airport is recommended to be converted into an industrial area or economic zone and become a major employment provider.[1] Uptown is also considered by many to be a safer and more secure alternative and has been host to promising development in recent years.

Among the West Uptown Development Area proposed developments[2] are:

- Development Master and Urban Design Plan
- Road Network Development
- Establishment of green belts, parks, open spaces, tree parks
- Tree strips along major thoroughfares, main roads of subdivisions
- Main drain from old airport to Calaanan Creek
- Wastewater treatment for STPs
- Retention basins
- Rain-harvesting for commercial and residential buildings
- Retirement community
- Provision of multi-purpose and socio-economic centers (reading centers, parks, etc.)

[1] Updated Comprehensive Development Plan 2020 – 2025. CAGAYAN DE ORO CITY.
[2] Comprehensive Land Use Plan 2019-2027. CAGAYAN DE ORO CITY.

In addition, the West-Uptown Development Area is also the location for the Planned City Expansion Program (PCEP) which is placed to be a growth node to decongest the urban center of Cagayan de Oro. Included in the PCEP is the 820-hectare area in Barangay Lumbia which is part of the West Uptown Urban Expansion Area[3]. Lumbia Airport, owned by the national government through the Civil Aviation Authority of the Philippines (CAAP), is also the relocation site of the PAF's 15th Strike Wing[4].

Other development in the area also includes enhancement on the Iligan-Cagayan-Butuan Road (ICBR), which is the only national highway that cuts across the city from east to west (and vice versa), linking with the CdO-Lumbia-Bukidnon highway which currently services a rapidly growing West-Uptown Development Area. Currently, the city government of Cagayan de Oro sees the need to design and build major access highways to complement the ICBR[5].

Existing and on-going condominium projects in Cagayan de Oro are as follows:

Project	Developer	Location	Status
Primavera Residences Tower A	IDC	Uptown CDO	Ready for Occupancy since 2013
Primavera Residences Tower B	IDC	Uptown CDO	Ready for Occupancy since 2015
Primavera City	IDC	Uptown CDO	
MesaVerte Residences	Cebu Land Master	Downtown CDO	Ready for Occupancy since 2020
Granvia Suites	Johndorf	Uptown CDO	Ready for Occupancy since 2013
Smart Condominium	Yega Development Corporation	Uptown CDO	Construction Stage
D' Residential Loft	Abarqgold	Uptown CDO	Construction Stage
Veil Residences	SMDC	Uptown CDO	Construction Stage
Manresa Town	Cebu Land Master	Uptown CDO	Pre-selling
Zircon Alexandrite Columns	Abrown	Uptown CDO	Pre-selling
The Midtown Towers	Vista Estates / Camella Homes	Uptown CDO	Pre-selling
Casa Mira Towers	Cebu Land Master	Downtown CDO	Construction Stage
Intalio Flats Primea CDO	Intalio Estates	Downtown CDO	Pre-selling
One Oasis (Building 1-3)	Filinvest	Downtown CDO	Ready for Occupancy since 2016

[3] Updated Comprehensive Development Plan 2017 – 2019. CDO
[4] https://www.sunstar.com.ph/article/123969
[5] Ibid

One Oasis (Building 4)	Filinvest	Downtown CDO	Pre-selling
The Loop	Vista Land	Downtown CDO	Ready for Occupancy since 2021
Centrio Towers	Ayala Land	Downtown CDO	Ready for Occupancy since 2015
Avida Tower	Ayala Land	Downtown CDO	Ready for Occupancy since 2020
Aspira Tower	Ayala Land	Downtown CDO	Ready for Occupancy since 2018
MesaVerte Residences	Cebu Land Master	Downtown CDO	Ready for Occupancy since 2018

The table below further provides the relevant details as regards to the available units and number of floors of these condominium buildings and market positioning. Abrown Corporation's The Metropolis (Zircon) is positioned for the high to luxury end market, while the middle- and upper-income market segments are the target markets by Intalio Flats Primea and Avida Towers.

IDC's Primavera City project is positioned to capture both the middle to upper income market segment. When compared with Abrown Corporation's The Metropolis (Zircon) which is also located in Uptown Cagayan de Oro, IDC's Primavera City has more leverage in terms of proximity with locators such as SM Mall, Xavier University and Xavier Highschool.

Project	Developer	No. of Bldgs.	No. of Floors	No. of Units
Primavera Residences Tower A	IDC	1	10	161
Primavera Residences Tower B	IDC	1	10	219
Granvia Suites	Johndorf	1	7	82
Smart Condominium	Yega Development Corp.	1	6	No data
D' Residential Loft	Abarqgold Corporation	1	8	
Vail Residences	SMDC	14	4	No data
Manresa	Cebu Land Master	No data	No data	No data
The Uptown Metropolis (Zircon)	Abrown	5	14	330 13 & 14th non selling
The Midtown	Vista Estates	2	12	
Casa Mira Towers	Cebu Land Master	2	Tower 1 – 23 Tower 2-27	
Intalio Flats Primea CDO	Intalio Estates	4	10	Tower A- 306 Tower B – 306 Tower C –No data

				Tower D- No data
Tuscania Tower	Milares Estate Corp	3	8	
One Oasis (Building 4)	Filinvest	5	7	
One Oasis (Building 1-3)	FLI	6	7	130
The Loop	VLL	1	25	500
Centrio Towers	ALI	1	23	522
Avida Tower	ALI	1	31	No data
Aspira Tower	ALI	1	27	636
MesaVerte Residence	Cebu Land Master	3	15	255

Project	**Developer**	**Location**	**Market Positioning**
Primavera Residences Tower A	IDC	Uptown CDO	Middle to High Income Bracket
Primavera Residences Tower B	IDC	Uptown CDO	Middle to High Income Bracket
Granvia Suites	Johndorf	Uptown CDO	Middle Income
Smart Condominium	Yega Development Corp.	Uptown CDO	Middle-High Income
D' Residential Loft	Abarqgold Corporation	Uptown CDO	Middle-High Income
Veil Residences	SMDC	Uptown CDO	Middle-High Income
Manresa Town	Cebu Land Master	Uptown CDO	Middle-High Income
The Uptown Metropolis	Abrown	Uptown CDO	Middle-High Income
The Midtown	Vista Estates	Uptown CDO	Middle-High Income
Casa Mira Towers	Cebu Land Master	Downtown CDO	Middle-High Income
Intalio Flats Primea CDO	Weecom Developer	Downtown CDO	Middle-High Income
Tuscania Tower	Milares Estate Corp	Downtown CDO	Middle-High Income
One Oasis (Building 4)	FLI	Downtown CDO	Middle-High Income
One Oasis (Building 1-3)	FLI	Downtown CDO	Middle-High Income
The Loop	VLL	Downtown CDO	Middle-High Income
Centrio Towers	ALI	Downtown CDO	Middle-High Income
Avida Tower	ALI	Downtown CDO	Middle-High Income
Aspira Tower	ALI	Downtown CDO	Middle-High Income
MesaVerte Residences	Cebu Land Master	Downtown CDO	Middle-High Income

In terms of the sizes of the condominium units in the market, the smallest area is 18 sqm (the Vail Residences) with the biggest cut at 60 sqm for 2-bedroom unit offered by Ayala Land and Vista Land. On the other hand, IDC has the biggest cut of 2-bedroom unit at 96sqm. In addition, IDC’s 26 sqm studio unit has been as staple market choice.

Project	Developer	Average Area (SQM)				
		Studio	1BR	2BR	Office	Commercial
Primavera Residences Tower A	IDC	22.00	31.00	47.00	84.00	32.00
Primavera Residences Tower B	IDC	22.00	31.00	47.00	52.00	56.00
Primavera City	IDC	26	48	96	40	137
Granvia Suites	Johndorf	23.25	35.90	46.50	No Data	No Data
Smart Condominium	Yega Development Corporation	25.20	34.20	63.60	No Data	No Data
D’ Residential Loft	Abarqgold Corporation	w/out loft – 30.00 With loft – 40.00	w/out loft -41.00 With loft – 59.00	No Data	No Data	53.00
Vail Residences	SMDC	Studio – 18 Studio End Unit – 23.51	24.41	No Data	No Data	No Data
Manresa Town	Cebu Land Master	No Data	No Data	No Data	No Data	No Data
Zircon Alexandrite Columns	Abrown	Studio A – 26.80 Studio B – 26.86	BR A – 46.75 BR B – 48.05 BR C – 42.45	No Data	No Data	No Data
The Midtown	Vista Estates	No Data	33.96	43.86	No Data	No Data
Casa Mira Towers	Cebu Land Master	20.00-27.00	28-36	No Data	No Data	No Data
Intalio Flats Primea CDO	Weecom Developer	22.00	1 BR STUDIO – 22 1 BR COMBINED – 44	No Data	No Data	No Data
Tuscania Tower	Milares Estate Corp	22.42	36.47	55.72		
One Oasis (Building 4)	FLI	No Data	No Data	No Data	No Data	No Data
One Oasis	Filinvest	22.06	28.42	31.73	No Data	No Data
The Loop	Vista Land	20.00	31.91	50.93	No Data	No Data
Centrio Towers	Ayala Land	23.00	37.00	58.00	No Data	No Data
Avida Tower	Ayala Land	23.00	40.00	63.00	No Data	No Data

Aspira Tower	Ayala Land	23.00	40.00	63.00	No Data	No Data
MesaVerte Residences	Cebu Land Master	20.00-27.00	28-36	No 2 BR	No Data	No Data

In terms of pricing, Primavera City is very competitive based on the average selling price per sqm. Lowest price is Smart Condominium by Yega Development Corporation. IDC's Primavera City's advantage over Smart condominium is on its high-end amenities

Project	Developer	Average Price in Millions (PHP)				
		Studio	1BR	2BR	Office	Commercial
Primavera Residences Tower A	IDC	1.20	2.00	3.50	1.90	3.50
Primavera Residences Tower B	IDC	1.40	2.00	3.50		5.50
Primavera City	IDC	4.3	6	15	6	8
Granvia Suites	Johndorf	1.50	2.30	No Data	No Data	No Data
Smart Condominium	Yega Development Corporation	1.40	2.10	2.60	No Data	No Data
One Oasis	Filinvest	1.40	2.20	3.00	No Data	No Data
The Loop	Vista Land	1.80	2.70	5.30	No Data	No Data
D' Residential Loft	Abarqgold	w/out loft – 2.8 With loft – 3.9	w/out loft -3.8 With loft – 6.0	No Data	No Data	7.1
Vail Residences	SMDC	Studio – 2.5 Studio End Unit – 2.9	3.1	No Data	No Data	No Data
Manresa Town	Cebu Land Master	No Data	No Data	No Data	No Data	No Data
The Metropolis	Abrown	Studio A – 3.2 Studio B –	BR A – BR B – 6.1 BR C –	No Data	No Data	No Data
The Midtown	Vista Estates	No Data	5.9	7.7	No Data	No Data
Casa Mira Towers	Cebu Land Master	2.7	5	7	No Data	No Data
Intalio Flats Primea CDO	Weecom Developers	1 BR Studio-2.37 1 BR Combined -4.697	1 BR Studio-2.37 1 BR Combined -4.697	No Data	No Data	No Data
Tuscania Tower	Milares Estate Corp	2.4	4.9	7.5	No Data	No Data

One Oasis (Building 4)	FLI	No Data	No Data	No Data	No Data	No Data
Centrio Towers	Ayala Land	1.80	3.00	5.00	No Data	No Data
Avida Tower	Ayala Land	1.90	2.40	3.50	No Data	No Data
Aspira Tower	Ayala Land	3.1	5.5	7.3	No Data	No Data
MesaVerte Residences	Cebu Land Master	2.9	5.4	No Data	7	No Data

DISTRIBUTION METHODS OF THE PRODUCTS OR SERVICES

The Company uses various channels to distribute its products, including a sales office in Cagayan de Oro at the location of its pilot project, Primavera Residences as well as its sales office in Sto. Tomas, Batangas at the location of its Miramonti project. The Company is currently expanding its network of real estate brokerage agencies, brokers, and agents in the Philippines as well as abroad. Online marketing is also done through its website, which is handled by an online sales person. The Company also does business to business presentations for corporate accounts.

PRINCIPAL SUPPLIERS

Following is a table summarizing the Company's principal suppliers and the products and services supplied to Italpinas Development Corporation as of the date of June 30, 2024.

NAME OF CONTRACTOR	ADDRESS	SCOPE OF WORK	PROJECT
Huejack Construction	100 Igaran St., Lower Jasaan Misamis Oriental	• Structural and Architectural Works • Masonry and Fit-out Works • STP Rectification • Elevator Rectification	Primavera City II
2G Konstrakt Inc	Unit 308 Ortigas Royale Condominium Brgy., San Juan Cainta, Rizal	• Electrical and Auxiliary Works • Mechanical, Plumbing, & Fire Protection	

C.A. Ordinanza Inc.	Governor Drive, Ulong Tubig, Brgy. Mabuhay, Carmona, Cavite	• Supply & Installation Windows for Residential Units	
Fortress Philippines Corp	2280 Marconi, Makati, 1234 Metro Manila	• Installation of Precast Panels	

D. L. Cervantes Construction Corporation	Gen. Malvar St., Brgy. Tubigan, Binan City, Laguna	• Structural works and Fit-out Works	Miramonti I
Steelasia Manufacturing Corporation	2F B2 Bonifacio High Street Fort Bonifacio Global City, Taguig	• Purchase of Reinforcing Bar	
Monte One Construction	2^{nd} Floor Mezzanine Ortigas Royale Condominium, Ortigas Ave. Ext. Cainta, Rizal	• Masonry Works	
WQM Construction and Development Company Miramonti I	B17 L37 Villa Carolina Subd. Dela Paz, Antipolo City	• Supply & Installation of Balcony Railings • Supply & Installation of Fire Exit Railings and Stair Nosing • Labor and Consumables for Steel Works Photovoltaic and Podium	
KPI Elevators, Inc.	25 Floor BDO Equitable Tower 8751 Paseo De Roxas, 1213 Makati City	• Supply and Installation of Conveying System	
Acquaproof Contracting Specialist Inc.	Unit 203 JBD Plaza Mindanao Ave., Quezon City	• Supply and Installation of Waterproofing Works	
Geamstech Electro Mechanical Services	182 P. Santos St., Isabelita, San Juan City	• Design and Build of STP Works	

Huejack Construction	100 Igaran St., Lower Jasaan Misamis Oriental	• Structural and Architectural Works • Masonry and Fit-out Works • STP Rectification • Elevator Rectification	Primavera City II
WQM Construction and Development Company	B17 L37 Villa Carolina Subd. Dela Paz, Antipolo City	• Supply & Installation of Photovoltaic Works	

2G Konstrakt Inc	Unit 308 Ortigas Royale Condominium Brgy., San Juan Cainta, Rizal	• Electrical and Auxiliary Works, Supply of labor, materials, tools & supervision for Mechanical, Plumbing/Sanitary & Fire Protection (MPF) works	
Fortress Philippines Corp	2280 Marconi, Makati, 1234 Metro Manila	• Installation of Precast Panels	
A and Three F Glass and Aluminum Services	Blk-5, Lot-10 Deca Homes Sitio Awa, Brgy. Catalunan Grande, Talomo Dist., Davao City	• Supply And Installation of Glass Windows	
KPI Elevators, Inc.	25 Floor BDO Equitable Tower 8751 Paseo De Roxas, 1213 Makati City	• Supply and Installation of Conveying System	
Acquaproof Contracting Specialist Inc.	Unit 203 JBD Plaza Mindanao Ave., Quezon City	• Waterproofing Works	
Geamstech Electro Mechanical Services	182 P. Santos St., Isabelita, San Juan City	• Design and Build of STP Works	

Dependence on a few customers or a single customer

The Company being in the real estate industry is not dependent on a single or few customers; rather the Company has a broad customer base – from local to foreign nationals. In addition, no single customer accounts for twenty percent (20%) or more of the Company's sales.

Sales and Marketing

The Company has put in place innovative marketing campaigns, such as sales rallies, road shows, participation in various local and international trade shows, online marketing, tri-media, and maximizing the use of both traditional and non-traditional advanced marketing approaches such as on-line marketing to generate increased leads and to close sales.

The Company provides specialized in-house training programs and issues lucrative incentive programs for its focused sellers. IDC has established its own in-house sales team and a network of external licensed brokers and real estate agents directly accredited and trained by the Company in CDO. This will also be replicated and enhanced for the Miramonti project in Sto. Tomas, Batangas.

IDC continuously updates its marketing programs to keep pace with the fast-changing developments in the real estate industry. Its pricing structure is designed to be affordable with flexible payment terms to suit the profile of middle-income target market while still protecting the Company’s income margin.

The key element of the Company’s strategy is to market its properties as a sound, stable, and productive investment among its target market segment (entrepreneurs, OFWs, professionals, and corporate accounts) that will directly generate the sales of the units. As an investment portfolio, the owners enroll their units to IDC’s affiliated property management company, which can lease out the purchased units to prospective renters, maintain their units and the investment will be self-liquidating in nature. This strategy will create a big leverage in its corporate account relationships to open the door, and use the Company’s marketing expertise to build a compelling program. This will also allow the Company’s sales teams (agents and brokers) to be much more efficient in prospecting, improving their “hit ratio” on each sales visit.

IDC goes beyond the traditional marketing and selling approach (brokerage, marketing collaterals, public relations, and events) by going for digital selling and marketing (use of social media tools) to develop a well-built networking program that will create a solid strategic fit in the market.

The Company’s marketing strategies anchor on the following guiding tenets:

Positioning IDC projects as an attractive and safe investment

(a) The residential units are marketed as primary or secondary residences of prospective buyers for their personal use, or for investment purposes.
(b) The units are marketed as an investment. Purchased units may be leased out under a “condotel” or serviced apartment concept to be managed by IDC’s professional and experienced property management group.
(c) IDC projects are “green” buildings. The projects of the Company have a positive impact on the environment and which will allow residents to have as much as 32% energy savings.

Positioning IDC projects for “value for money”

(a) Flexible and affordable payment schemes.
(b) Competitive prices relative to other developers in the area of the Company’s projects.
(c) Low pre-selling price (with zero interest on down-payment).

Positioning its Strategic Location

(a) IDC projects are highly accessible to commercial areas and are near schools, offices, churches and golf course. In the case of its Primavera City, the site is situated inside the Pueblo de Oro Business Park, an export zone registered with the Philippine Export Zone Authority (PEZA). For its Miramonti project, it is located within the Light and Industry Science Park.
(b) Both Primavera City and Miramonti projects capitalize on their prime location with an excellent urban planning and offers a majestic view of the mountains and natural surroundings.
(c) Flood-free location and practically safe with a higher natural elevation.
(d) Developed infrastructure, communications and utilities.

Positioning its International and Local Recognition and Awards

(a) Trusted name in the industry as IDC projects had already been recognized for the buildings' unique design architecture.

(b) Primavera City was recently recognized by the Asia Pacific Property Awards as the Best Mixed –Use Development in the Philippines in May 2017

Marketing Support and Promotions

IDC marketing support goes beyond traditional marketing approaches (tie-ups with brokerage, marketing collaterals such as brochure/flyers, multi-media advertisements and conduct of public relations and events) to digital marketing (use of social media tools) and beyond.

Below are the various marketing support mechanisms that the Company utilizes and continues to improve on:

(a) Use of Digital
Marketing Website:
https://italpinas.com/
https://primaveracity.italpinas.com/
https://www.miramontigreenresidences.com/

Social Media:
Instagram:
https://www.instagram.com/primaveracity/
https://www.instagram.com/italpinas/
Facebook page:
https://www.facebook.com/primaveracity
https://www.facebook.com/officialIDC

Facebook Messenger Group chats for all realties

Twitter account: https://twitter.com/CityPrimavera
https://twitter.com/Italpinas

YouTube:https://www.youtube.com/@italpinasdevelopmentcorpor9185
LinkedIn:https://www.linkedin.com/company/italpinas-development-corporation-official-page

Online Listings: IDC has forged tie-ups with several online property listings such as Agoda, expedia, booking.com, 43romis.com, MyProperty.ph, and Lamudi to boost unit rentals

With the advent of post pandemic marketing and sales trends re-landscaping the real estate marketplace, IDC's marketing and sale strategies now focuses more on convergence and integration of physical and digitalization (Phygital strategy) to retain being the top-of-mind brand through aggressive product awareness campaign and corporate branding. Social media advertising remains to be one of IDC's key marketing tools, and combined with aggressive sales and marketing activities with partner agents, brokers and clients has proven to be the most effective strategy in producing dynamic sales production across all of IDC project. IDC's key is anchored on its strong and aggressive external broker's network such as the partnership with Filipino Homes and other local CDO based realty firms who are the driving workforce behind IDC Sales success.

(b) Use of Public Listings

i. Our news stories are published in major national and local newspapers.
ii. IDC was also invited by TV networks on several occasions to speak on building issues Examples are such as when: (1) IDC CEO and Executive Chairman Arch. Romolo Nati spoke on how to build earthquake-proof buildings, while (2) Atty. Jose D. Leviste III spoke on typhoon-resistant buildings for one of ANC's Future Perfect Design Against the Elements series.

(c) Conduct of Community Events

i. Periodic art exhibits
ii. Photography workshops
iii. Free screenings of sports events
iv. Participation in other noteworthy architecture, property development, environmental gatherings/events

(d) Creative Marketing and Branding

i. Primavera Residences Booth at SM City CDO
ii. Marketing collaterals
iii. Corporate Relations

CREDIT POLICY

As stated in the Contract to Sell, the buyer is required to issue post-dated checks to cover the down payment requirements and/or any unpaid portion of the Purchase Price. If the buyer intends to avail of bank financing, the buyer shall comply with all the requirements of the bank or financing institution. In the event that the loan application of the buyer is approved by the bank or financing institution, the buyer hereby authorizes the bank or financing institution to release directly to the Company whatever amount may be available from the approved loan of the buyer to pay the Purchase Price. In the event that the loan application approved for the buyer is less than the balance of the Purchase Price, the buyer shall pay the seller the amount corresponding to the difference within fifteen (15) days from written notice by the seller or such bank or financing institution's notice of disapproval, whichever comes later. Should the buyer's loan application be disapproved by the bank or financing institution, the balance in the schedule of payment shall be paid by the buyer within fifteen (15) days from written notice by IDC or such bank or financing institution's notice of disapproval, whichever comes later.

MODES OF PAYMENT OFFERED BY THE COMPANY

Below are the modes of payment being offered by the Company.

1. Reservation of Php10,000 – Php15,000 deductible from Total Contract Price ("TCP")
2. Spot cash – full payment of Total Contract price (TCP) on or before 30 days from Reservation date in order to enjoy 5% discount on TCP.
3. Deferred Payment – 18-24 months equal installment of TCP with 0% interest.
4. Bank Financing – 10% DP of TCP payable in equal installment within 24 mos. With PDC @ 0% interest. The balance of 90% is for Bank Financing.
5. Outright Bank Financing – full payment of 10%-20% Equity with 5% discount on equity and immediate application for Bank Financing on TCP balance.
6. In-House Financing – 30% DP payable in 24 equal monthly amortizations at 0% interest. Balance of 70% will be charged @ 14% interest p.a. payable in 5 years.

The company evaluates the creditworthiness of the buyer for deferred payment and in-house financing based on the 5 Cs of credit namely, Character, Capacity, Conditions, Capital and Collateral. The character of buyer is assessed based on his declarations regarding his/her criminal or civil case records. A buyer's capacity is assessed based on his/her income. IDC considers as desirable if the buyer has at least 40% of its gross income that is available to pay for the monthly amortization.

Condition refers to the status of a buyer's business or employment, that is, the buyers' nature of business and business condition if he/she is an entrepreneur or self-employed, or the buyer's nature of employment and employment status if he/she is employed. As regards to capital, the Company requires a buyer's proof of income such as last 3 years' income tax returns and audited financial statements for who derive income from businesses or those who are self-employed. If the buyer is employed, the Company will require his/her six months' pay slips or certificate of employment with indicated salary/other financial benefits.

Lastly, collateral pertains to the residential unit purchased. The title of the unit is only transferred once it has been fully paid for by the buyer. If the buyer defaults, IDC can cancel the contract to sell after due process. It will refund the buyer's amortizations as warranted and as stipulated by the Maceda Law.

The following events shall constitute an event of default under this Contract to Sell:

1. failure or delay of the customer to pay any amount due in this Contract to Sell, on the date or within the period specified for its payment, for any reason whatsoever;
2. failure or delay of the customer in the submission of the post-dated checks ("PDCs") required under this Contract to Sell; or the failure of the IDC to obtain and receive the actual receipt of the proceeds of any PDC due to

insufficiency of funds, closure of account, refusal of the drawee bank to honor the check on the date of presentment for payment, or for any reason whatsoever, other than due to the willful act or gross negligence of the IDC;

3. cancellation by the customer of this Contract to Sell or withdrawal of the purchase of the Unit, for any reason whatsoever, other than due to the willful act or gross negligence of the IDC;
4. failure of the customer to comply with any covenant or obligation required to be performed or undertaken hereunder or to comply with any covenant or restriction under the Deed Restrictions; or

5. the concealment of any fact, or providing any information which is determined to be false or misleading in the Customer Information Sheet or the loan application or any supporting documents, or any of the documents signed, executed or delivered by the customer (including this Contract to Sell) on the basis of which the IDC shall have agreed to the sale of the Unit to the customer.

Upon the occurrence of any of the events specified above, the IDC shall be entitled to exercise or avail itself, at the IDC's option and sole discretion, of any, some or all of the following rights or remedies, whether cumulatively or alternatively, in conjunction with or separately, from any other right or remedy granted hereunder or under the law:

a. The IDC shall have the right to collect penalty interest at the rate of three percent (3%) per month (or a fraction thereof) of the unpaid amount, for every month (or a fraction thereof) of delay in remitting to the IDC the amount due. Such payment of penalty interest charges shall not be a substitute for and shall be in addition to the payment of the amounts otherwise due under this Contract to Sell and shall not prejudice the exercise by the IDC of any other right or remedy granted to it under this Contract to Sell.

b. The IDC shall be entitled to cancel this Contract to Sell without need of a court declaration to that effect, by giving the customer a written notice of cancellation sent to the address of the customer as specified herein, by registered mail or personal delivery. As a result of such cancellation, the IDC shall have the right to forfeit all amounts paid by the customer herein as liquidated damages.

The Company fully complies with RA 6652 (Maceda Law). From the first notice of collection for defaulting clients, it takes up to 90 days before the Notarial Cancellation notice is issued and sent to client, and another 30 days before the Contract to Sell is cancelled, thereby complying the grace period stipulated on Maceda Law. Below is the process in case of payment default conditions:

The Company has an Accounts Management Department which is in charge of handling the amortization payments of buyers. The team is responsible for the timely collection of payments, overseeing depositing of post-dated checks and the eventual remittance of payments to the Company's treasury group and undertaking remedial measures for delinquent accounts. This department is responsible for issuing demand letters, notices of check dishonor, notices of sales cancellation, should it be necessary, in cases of bounced checks, failure to pay monthly equity, and voluntary cancellations.

HANDLING OF AVAILABILITY AND TURN-OVER OF UNITS

Below is a detailed discussion and process flow on the Company's handling of availability and turn-over of unit:

Notice of Availability

- Once Buyer is qualified to receive/turn-over the unit (i.e. fully paid for spot cash/bank financed buyers and at least 30% of total contract price is collected from in-house deferred buyers and with the remaining balance deemed settled provisionally with a Promissory Note and complete Post Date Cheques.). Italpinas sends a Notice of Availability (NOA/CSD-003) within seven (7) days.
- The client is requested to visit and inspect the unit for Punchlist activity within 30 days from receipt of NOA. If the client is unable to visit and inspect the unit on the specified period, the Company shall deem it as the unit accepted as complete and turned-over in good condition.

Punchlist

- The unit owner inspects the unit for any defects.
- If there is, Italpinas rectifies the defects within 7 to 14 working days.
- Italpinas then calls back the client after rectification for client inspection and final punchlisting
- If no findings and the unit owner is fully satisfied of the deliverables, the unit owner signs the Acceptance of Punch List Works Forms (CSD-006) and / or signs and accept the Certificate of Acceptance form (CSD-007)

Turn-over Acceptance

- Once the unit is accepted, the Unit Owner is requested to sign and accept the Keys and Documents Turn-Over Acknowledgement Form (CSD-011). And the company then issues Notice of Authority to Move In (CSD-012) on oriented clients.
- The company then endorses the Unit Owner to the Property Management office which orients the Master Deed and Declaration of Restriction, Condominium Corporation Membership, House Rules and Construction Guideline. After which, the Property Management office then issues a Certificate of Orientation to the Unit Owner, of which the unit owner duly signs as participating party to attest the orientation.
- Unit owner/s pay the necessary fees for move-in (water meter deposit, membership dues, association dues, etc.) prior to any renovation works on unit.

Complaint Log & Assignment (1day)

Complaint is Received (call or email)	Customer Log is created and immediately gets Forwarded to Concerned Unit Head (i.e. sales, operations, legal or engineering)

Complaint Processing by concerned department (1day)

Minor (same day)	Technical (+1 day)	Major (+2 days)

Complaint Evaluation

Minor Sales or Operation Concerns (within the day)	Minor Finance Issues (resolved within 5 working days)	Minor Technical concerns (within 10days if repair or minor works need to be applied)	Documentation (within 5 days if redocumentation is required	Major Technical (within 15-30days if repair works are required)

Customer Care Evaluation

After complaint is addressed, a satisfaction of service survey is sent by the Customer Care Unit to client	Upon receipt of the survey, it is submitted to the Head of the Department and presented to the Management Committee for information and reference for policy and operating protocol review in relation to “commitment to excellence”.

NEED FOR GOVERNMENT APPROVAL OF PRINCIPAL PRODUCTS OR SERVICES AND EFFECT OF EXISTING OR PROBABLE GOVERNMENTAL REGULATIONS

TAX REFORM

In the Philippines, the government launched the 1st of its four (4) Tax Reform Package or the Tax Reform for Acceleration and Inclusion ("TRAIN") law which took effect starting January 1, 2018. In general, the said law aims to increase the take home pay of individual taxpayers by giving tax exemption on the first Php250,000 of their yearly income while imposing higher tax on certain products like oil, petroleum and fuel products, sweetened beverages, and automobiles among others.

On the other hand, even though the focus of the TRAIN law is on individual taxpayers, the passage of the TRAIN law still impacted those in the real estate business which includes the Company. Before the passage of the TRAIN law, the VAT threshold on house and lots and other properties deemed as residential dwellings (e.g., condominium units, etc.) is at PhP3,199,200. Now, with the passage of the TRAIN law, VAT exemption is only applicable for house and lot and other residential dwellings worth PhP2,500,00 and below. Beginning January 1, 2021, the VAT exemption shall only apply to sale of real properties not primarily held for sale to customers or held for lease in the ordinary course of trade or business; sale of real property utilized for socialized housing as defined by Republic Act (RA) No. 7279, as amended, and, sale of house and lot, and other residential dwellings with selling price of not more than Two Million Pesos (Php2,000,000.00), as adjusted to Php 3,199,200.00 in 2011 using the 2010 Consumer Price Index values: Provided, further, That every three (3) years thereafter, the amount stated herein shall be adjusted to its present value using the Consumer Price Index as published by the Philippine Statistics Authority (PSA).

After the onset of the Coronavirus Disease 2019 (COVID-19) pandemic, the government continues to ramp up its efforts to reduce financial distress brought by the public health crisis. As part of its response, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 8-2021 on June 12, 2021. RR 8-2021 seeks to amend RR 4-2021 which was initially issued to implement Value-Added Tax (VAT) and Percentage Taxes under Republic Act (RA) 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act. The implementing regulations adjusted the threshold to P3,199,200 based on the 2010 Consumer Price Index Values pursuant to RR 16-2012.

Additionally, the Documentary Stamp Taxes ("DST") on debt instruments increased from PhP1.00 to PhP1.50 per PhP200 or a fraction thereof. This increases the transaction cost of loan availment for the Company's projects as well as on the part of the unit buyers who are availing of deferred payment scheme, in-house financing, and bank financing.

Lastly, the Department of Finance (DOF) officially submitted its proposed amendment to House Bill 4157 or the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) bill (previously called Corporate Income Tax and Incentives Rationalization Act ("CITIRA")) last 22 May 2020. This is an enhanced version of the previously CITIRA bill which aims to aid the recovery of businesses negatively affected the Covid-19 pandemic and to attract investments that will benefit the public interest. Some highlights of the said bill are the immediate reduction of corporate income tax by 5% starting July 2020 and 1% subsequent reduction starting January 1, 2023 until January 1, 2027 dropping the corporate income tax to 20% by that time, extension of carry-forward losses (i.e., NOLCO) incurred in 2020 from 3yrs to 5yrs for non- large taxpayers, and flexibility in granting incentives.

Since some of the Company's projects are registered under the strategic investment priority

plan with the Board of Investments and are still enjoying fiscal incentives, the Company would greatly benefit from the additional fiscal incentives that the said bill is introducing including reduced corporate income tax rate after expiration of income tax holiday and enhanced deductions (additional deductions) among others.
Apart from the discussion already included herein, the Company is not aware of any pending legislation or governmental regulation that is expected to materially affect its business.

PERMITS AND LICENSES

In the normal course of entering and doing this business, real estate developers are required to secure different permits and licenses before constructing the project and making sales. This is on a per project basis and the Company religiously applies for the required governmental approvals for its projects.

Apart from discussion already included herein, the Company is not aware of any pending legislation or governmental regulation that is expected to materially affect its business.

STATUS OF PERMITS & LICENSES

Permits	Date of Filing/ Issue	Validity	Regulatory Body/ Unit Who Issued Such Permit	Holder of Permit	Status	Expiration Date
Environmental Compliance Certificate (ECC)	TBA	N/A	EMB-DENR	Primavera City Phase III&IV	For Issuance	N/A

RESEARCH AND DEVELOPMENT

The expenses incurred for research and development activities are minimal and do not amount to a significant percentage of revenues.

COST AND EFFECT OF COMPLIANCE WITH ENVIRONMENTAL LAWS

The expenses incurred by the Company for purposes of complying with environmental laws consist primarily of payments for government regulatory fees that are standard in the industry and are minimal.

MAJOR BUSINESS RISKS

Market and Operational Risk

The Company faces market and operational risk as a relatively young enterprise. Simultaneous development of current and future projects could require optimization of finite resources. To mitigate this risk, the Company applies a phased development approach to each project. Full development is divided into subsequent phases, and each preceding phase may stand alone as a finished product in the event that, for any reason, market or operational challenges affect the project so that returns would be higher if the project were built only to the extent of early or middle phases. A phased development strategy will effectively manage market and operational risks, as this affords the Company with the flexibility to optimize finite resources by adjusting timing and abridging particular projects in favor of refocusing on others, as demand may dictate. Should there be a weaker performance in particular developments, the Company stands ready to re-prioritize in favor of other projects which it believes would provide the best returns to the Company and its shareholders, or it may choose to pursue its plans at a slower pace of growth.

Significant competition in the real estate industry

Most of the Company's competitors are established market leaders who have the advantages of greater financial strength, developmental resources, brand recognition, and in-house manpower. Because of the high level of competition now prevailing in the Philippine real estate industry, there is no assurance that these major players will not directly compete or enter the niche markets of the Company.

To mitigate this risk, IDC differentiates itself from other real estate developments in the Philippines and provide a value advantage to its clients through its thrust of sustainable and eco-friendly real estate development projects. The Company also continues to pursue its first mover strategy in developing projects in up-and-coming cities where there may be less competition. Moving forward, the Company will continue to strengthen its organization in order to support its growth plans and better compete with bigger real estate players.

Failure to meet customers' expectations and standards

Property developers warrant that their projects are structurally sound for a period of fifteen (15) years from date of completion of the project. They are also responsible for hidden defects. The Company or its officials may be held liable for administrative fines or criminal penalties in case of any violation of Republic Act No. 6541, as amended, or the National Building Code of the Philippines (the "Building Code"). Moreover, the Company may be held liable for damages, for uninsurable events, or matters not subject to effective indemnification agreements with the Company's contractors.

In the event of claims arising from defects, the Company's reputation and its business, financial condition and results of operations may also be adversely affected.

To mitigate this risk, the Company ensures that all its projects are carefully executed to meet required standards. The Company also ensures that construction materials are of good quality and are sourced from reputable suppliers. Supplier selection is done through a competitive bidding process and the contracts for each project are covered by adequate bonds, insurances, and indemnity provisions.

Ability to obtain financing for project development

In 2012, the Bangko Sentral ng Pilipinas (BSP) intensified its monitoring of bank real estate exposures (REE) by expanding the definition of REE to include investments in debt and equity securities that finance real estate activities, loans to developers of socialized and low-cost housing, loans to individuals, and credit supported by non-risk collaterals or Home Guarantee Corporation guarantees. Further, beginning in 2014 the BSP ordered universal, commercial and thrift banks to conduct Real Estate Stress Tests (RESTs) to determine whether its capitalization is sufficient to absorb a severe shock from its real estate exposure.

Stricter lending and prudential regulations may reduce the lending appetite of banks in the Philippines, which in turn may adversely affect the Company's ability to secure financing for its project developments and its prospective customers' ability to secure bank financing at favorable terms.

To mitigate this risk, the Company practices prudent financial management to minimize its possible effects. The Company has initiated the process of reducing the debt component and increasing the equity component in its financial structure through the issuance of the Offering of preferred shares.
To improve prospective customers' access to debt, the Company provides in-house financing schemes, and will continue to enhance those, including special incentives for cash such as the granting of discounts up to 10% for outright cash payments made by the buyer with the balance of total contract price to be settled either thru in-house or bank financing.

Availability of land for use in the Company's future projects

The ability of the Company to continue its growth and expansion is largely based on its ability to acquire prime properties in its target locations. In the event that the Company is unable to acquire lots at acceptable prices, its growth could be limited and the results of operations could be adversely affected.

To mitigate this risk, the Company is largely concentrating on prospective areas in early growth phases such as Southern Luzon & Visayas in order to optimize exposure to growth. The Company will also remain flexible in its investment structures, whether these be direct land acquisitions or joint venture developments.

Risks on project cost and completion

The Company faces the risk of escalating project costs and inability to complete its projects should there be significant cost overruns due to lapses in materials and labor cost estimation. Cost overruns would also arise if there are many alterations and deviations from the original design and technical plans which were not anticipated. The delayed completion of the project could result in additional costs aside from hindering the sales take up of the project which in turn may affect the Company's cash flow. Further, significant project delays will negatively affect the Company's reputation as it might experience difficulty in attracting customers to its future projects. This will adversely affect the results of Company's operations and financial performance.

To mitigate cost overruns, IDC enlists the services of professional and qualified quantity surveyors and cost estimators who determine the bills of quantities based on prevailing market prices and industry standards. Technical plans of each project are carefully reviewed by specialty engineering consultants to determine if they are compliant with the national and local building codes as well as to confirm if the bill of quantities is fair, reasonable and accurate. IDC has also managed to reduce costs in some of its projects by procuring some of the major construction materials like iron rebars directly. In the near term, it plans to expand its capability to source construction materials such as cement, tiles and toilet fixtures directly.

To ensure timely completion of its projects, IDC, through a competitive bidding process, selects only pre-qualified triple AAA licensed contractors with proven track records as the project managers and general contractors for its projects. IDC also maintains dedicated professional and qualified engineers as its organic personnel who are responsible for project and construction management, coordination and monitoring construction progress. Further, construction contracts include provisions for penalties for any form of delay.

Insufficient funding to finance project developments

This risk could occur if the Company embarks on a project without securing the funding for its capital expenditures. This also may occur if the company embarks in the development of multiple projects at simultaneously which would hinder the Company's ability to service large amounts capex outlay.

To mitigate this risk, IDC ensures that the financing of a project is secured from partner banks, which usually grant term loans up to 70% of project costs, before it commences project development. Additionally, IDC implements the construction of its projects by phases or stages. As a policy, the Company commences construction of succeeding project phases when sales have reached at least 70% of the preceding project phase.
Aside from its capital and retained earnings, the company also engages in pre-selling activities upon issuance of the license to sell and prior to the start of construction to generate additional cash flows.

Delay or failure to pay loan obligation(s)

The Company utilizes a mix of equity and debt to finance its projects. In the event that the Company is delayed, or compromised in its compliance with the payment of its loan obligations, it may become at risk of defaulting and may experience adverse effects on credit ratings. To mitigate this risk, the Company practices prudent financial management to ensure a well-managed balance sheet and timely payment of its obligations.

Risk relating to the collateralization of assets for loans obtained

As the Company's bank loans are secured through collateralization of assets or mortgaged properties, IDC faces the risk of losing its properties in the event of a foreclosure due to a default on its debt obligations. Moreover, when one reneges on its loan obligation, it blemishes its reputation with and erodes the trust of its funders or investors. With the advancements in the credit and background checking by CMAP and other independent credit risk rating agency, a delinquent borrower may be red-flagged and blacklisted by any and all lenders.

To mitigate this risk, IDC is vigilantly committed to protect its good credit standing with all its bank partners. It ensures that its liquid assets are not impaired and are able to service its maturing debts. The Company manages its loan exposure and cash flow effectively by maintaining a debt-to-equity ratio not exceeding 70:30. Furthermore, it conducts close monitoring of its loans repayment schedule to determine its maturing loans when it falls due.

Availability of financing to acquire new land at favorable terms and interest rates

The Company sources long term financing to acquire new land for future development. There is no assurance that the Company can continue to raise additional financing at favorable terms to support its future growth plans. Furthermore, obtaining additional debt funding may result in an increase in the Company's debt ratios, which could materially and negatively affect its existing debt covenants and obligations.

To mitigate this risk, the Company practices prudence in identifying new lands for future acquisitions. The Company targets to acquire new lands that are situated in emerging growth towns and cities with available transportation, infrastructure and communication facilities, and essential services in order to increase the likelihood of the land being an acceptable collateral for future financing. Before funding is committed to acquire new land, an initial market assessment is done to establish the commercial prospects of the location. Additionally, the Company pursues phased developments of its projects.

Higher inflation and Interest rates

Fluctuations in interest rates could negatively affect the margins of the Company with respect to sales and receivables and could hinder the Company's ability to avail new debt on favorable terms, or at all. Higher interest rates also affect the Company's ability to repay debt obligations. Additionally, higher interest rate levels also affect the affordability and desirability of the Company's condominium units as several of the Company's customers obtain some form of financing for their real estate purchases. Higher inflation rates negatively affect the general population's purchasing power, which could limit the prospective clientele of the Company.

To manage the risk on interest rates, IDC is prudent in availing loans from banks for both its short term and long-term obligations to ensure that its gearing or debt to equity ratio is within or even lower than the standard set by banks. IDC also regularly monitors movements in interest rate levels and compares the rates on loans offered by banks and negotiates for the lowest possible interest rate on its loans as necessary.

To mitigate the risk on inflation, the Company may implement flexible payment terms, discounts, and creative promotional strategies to its customers.

Volatility of the Value of Philippine Peso against the US Dollar and other Currencies

Historically, the Philippines has experienced volatility in the exchange rate between the Philippine peso and the USD, as well as against other currencies. In Sept. 10, 2018, the Philippine Peso to US Dollar exchange rate closed at 54.30:1, its highest level since 2005. Fluctuations in foreign exchange rates may negatively impact Philippine consumers' purchasing power or preferences, which could affect the Company's financial condition and results of operations.

Other than the increase in prices of services, imported materials and equipment including furniture and fixtures purchased by the Company, the Company is not significantly affected by exchange rate fluctuations since its obligations are not denominated in US dollars or any foreign currency. If and when the peso depreciates against the US Dollar or other foreign currencies, the effect is favorable to buyers of its residential units, including OFWs, who are earn in dollar- or other foreign-denominated currencies.

Approval of permits and other regulatory licenses necessary for the business

Before any real estate development project can commence in the Philippines, it is required that all permits and licenses are secured from and approved by regulatory agencies such as DENR for the Environmental Clearance Certificate, Barangay Council for the Barangay Clearance, LGU for the City/Town Zoning and Locational Clearance, HLURB for the

Development Permit, Certificate of Registration and License to Sell, Office of Building Official for the Building Permit, Electrical, Fire and Sanitary permits etc. Securing all the required permits and licenses takes about 8-12 months. Any delays in securing such permits and licenses or worse, disapproval of the concerned regulatory or government agencies may result to substantial delays or even a complete halt in the development of the Company's projects.

To manage this risk, IDC ensures that it complies with all the requirements of the regulatory agencies and sees to it that the documents are complete. The Company assigns personnel who are knowledgeable about the regulatory application and approval process.

No assurance of successful implementation of business plans and strategies

The plans and strategies of the Company may not yield the expected results. As a real estate developer, the Company's success is supported by its ability to continuously develop a portfolio of winning project developments. Having the first-mover advantage by pursuing project developments in up-and-coming cities, where other real estate developers do not yet have a significant presence is also a core part of the Company's strategies. There can be no assurance that all its project developments will be successful or that the market in the target locations will be receptive or sufficiently-sized to sustain the proposed projects.

To mitigate this risk, regular meetings will be conducted by the Board of Directors and of management in order to ensure that the plans and strategies are aligned and being enforced, and remains realistic. The Company also continuously researches and re-assesses market patterns in its target locations.

Risk associated with its in-house financing activities, including the risk of customer default

The Company extends in-house financing as one of the modalities given to the buyer to purchase a residential unit. Based on IDC's historical sales performance, buyers who purchase units through in-house financing comprise less than 10% of total units sold. With the provision of in-house financing, the Company faces risks of delayed payments and/or customer default or non- payment of monthly amortizations.

To mitigate this risk, the Company's sales and documentation personnel screen and pre-qualify buyers of residential units on an in-house financing basis. The screening and pre-qualifying process involves an assessment of the buyers' capacity based on income and verification of documents such as employment, billing address, marital status as well as business conditions for those that are self-employed or have businesses. As a policy, the company also requires its buyers to issue post-dated checks for the entire approved amortization period, which ensures timely collection of receivables. Furthermore, IDC has strengthened its Contract to Sell with clear and specific provisions pertaining to events like default and penalties for delayed payments. In the event of default or any non-compliance to the contract, IDC may cancel and rescind the sale after giving the buyer due notice. To date, IDC's customer default rates stand at less than 4% of total units sold.

Substantial sale cancellation

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 of a material number of sales cancellations. Cancelled sales occur when the buyer, after paying the fee to reserve the unit, no longer wishes to continue to purchase the unit or, in some instances, is unable to continue to pay monthly equity amortizations.

While the Company historically has not experienced a material number of cancellations, there can be no assurance that it will not experience a material number of cancellations in the future. 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 and horizontal residential units.

To mitigate this risk, IDC conducts customer screenings and evaluates buyers’ capacity to pay for condominium units based on their income before concluding sales transactions. In addition, it also conducts financial literacy orientation for its buyers. In the event of sales cancellation, the cancelled unit is immediately returned to inventory and reopened for sale to interested buyers. In more than ten (10) years of operations, IDC has been fortunate that sales cancellation is consistently very minimal (i.e less than 6% of total sold units).

Reputational risk of directors and officers of the company

Reputational risk is the potential loss to financial, capital, social and/or market share resulting from damages to a firm’s reputation. This is often measured in lost revenue, increased operating, capital or regulatory costs or destruction of shareholder value. This risk involves the directors, officers, and control persons of the Company, most of whom are connected with other public and/or private companies. There is no assurance that any of the Company’s directors, officers, and major shareholders will not be involved in future litigation or other disputes, the results of which may materially and adversely impact the public perception on the Company.

To manage this risk, IDC ensures that its directors and officers surpass the minimum standards of character, professionalism, integrity and competence. The Company screens and validates the profile of its directors and officers to ensure they were not convicted of any administrative or criminal cases.

Shortage in the supply of qualified and skilled technical personnel in the real estate industry

IDC engages triple AAA licensed contractors who are responsible for undertaking the construction of its projects. These contractors which are accountable to perform specific contract works such as structural, electrical, mechanical and plumbing and sanitary works, maintain a pool of qualified and skilled personnel at any time and are fully committed to comply with the manpower requirements of the project. In addition, IDC maintains an in-house architect and engineering team and outsourced consultants who are responsible for IDC’s project management and design. Thus, this risk has minimal effects on IDC’s real estate projects.

Information security risks

Cybersecurity threats to information security such as computer software attacks (i.e attack by computer viruses/ malware, phishing, hackers etc.) intellectual property theft, identity theft, equipment or information theft can negatively affect any business and may result to property losses, business interruption, employee injuries and liability losses among others.

To mitigate these risks, the Company uses remote data backups and installed virus/malware scanning for email attachments. It also educates its employees to be careful in handling sensitive and confidential information. Only authorized employees are provided access to important financial records. The Company also complies with the law governing the data privacy act.

Inherent risks

Some risks are inherent to the real estate or property business such as damage to property resulting from as natural disasters, fire, damage by tenants and robbery or vandalism. The unpredictable nature of the housing market also affects sales which in turn, affects the Company's liquidity.

To mitigate these risks, the Company obtains comprehensive liability insurance for its projects which covers perils such as fire and natural disasters, accidents, theft and robbery. IDC also employs 24/7 security detail to safeguard its property and its real estate projects.

While there is no way to control the impact of an unpredictable housing market, IDC mitigates the associated risks by knowing and understanding its target market's needs. The Company continues its endeavor to offer the right product, at the right price and at the right location to successfully capture and retain its customers.

Dependence on Key Personnel

Considering that the present management team is limited while the Company is still in a growth stage, there may be a risk of over dependence on its key personnel which may pose challenges in the event of resignation, retirement, or termination. To mitigate this risk, the Company continually structures its remuneration practices in order to reward loyalty and longevity among deserving personnel. The Company also intends to recruit, train, and reward its current and future employees to promote organic growth and continuity. Furthermore, the key personnel are major stockholders of the Company.

Delay or failure to acquire equipment or furniture and fixtures

The occurrence of this risk may be due to the negligence of management to anticipate the essential equipment or furniture and fixtures needed by its project. Should it not be able to provide the specific equipment or furniture and fixtures that it has committed to provide in its real estate projects, its branding and reputation may be negatively affected.

To manage this risk, the Company identifies equipment or furniture and fixtures that are planned to be procured and or installed well ahead of time. It also maintains several accredited suppliers for its equipment and furniture and fixture requirements. In the worst-case scenario that the particular equipment or furniture and fixture is unavailable locally, it has the option to source from suppliers abroad or replace this equipment with similar types that are readily available on the local market.

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

While land ownership is proven by land titles, it is not uncommon in the Philippines to have third party claimants. To mitigate the risk, the Company conducts comprehensive due diligence and extensive title searches before it acquires any parcel of land to ensure that it secures a clean title and absolute ownership of a property.

Domestic asset price bubble

In the event of an asset bubble in the real estate industry, prices of real estate assets become remarkably higher than their actual value. To mitigate this risk, the Company's maintains its core strategy of focusing on underserved markets, away from main cities where the threat of an asset bubble is most significant. The Company also intends to continue developing its leasing businesses which are less exposed to the risk of an asset bubble. These businesses may include leasing, serviced apartments and tourist facilities which will generate a steady stream of recurring income.

Risk of Net Loss (Quarterly or Annually)

The Company may incur net losses as a result of its operations. To mitigate this risk, the Company closely measures its targets in both sales and expenses for better control and management to deliver the projected bottom line. Net losses may also be reflected in the quarterly income statement due to seasonality and booking of sales.

Contracts with Suppliers and/or Customers

The Company may be affected in case of irregularities in the application or outcomes of contractual agreements with suppliers and service providers. To mitigate this risk, the Company carefully screens the contracts of its suppliers and service providers in terms of scope of work, methodology, time table, deliverables, payment methods, warranties, and the like. The Company engages the most appropriate supplier and/or service provider, chosen by way of diligent negotiation on the Company's part, in order to protect the Company's interests. The Company also has a standard Contract to Sell for its customers, which is updated as needed in order to reasonably and appropriately protect the Company's interests, within Philippine law. The Company also receives legal advice from its legal counsel with regard to contracts.

Refinancing risk

Refinancing risk occur when a borrower cannot refinance by borrowing additional debt to repay its existing debt obligations. This risk increases during a rising interest rate environment which may cause IDC to experience difficulty in meeting higher interest payments on refinanced loans. To date, the Company has not had an occasion where it availed of refinancing. However, there is no assurance that the Company will not refinance its loans in the future.

To manage this risk, the Company sees to it that its loan obligations are up to date and maintains a very good credit score with all its partner banks.

Risk on Train Law and Corporate Recovery and Tax Incentives for Enterprises Act [CREATE]

The TRAIN Law aims to reform the tax package on land and property valuation by simplifying the taxation process, appraise properties on regular basis and on an internationally accepted standard and lower the rate of transaction taxes on real estate properties. The law has both negative and positive effects on the real estate industry once a broader and more detailed provision on property valuation and taxes would be implemented in the third package.

Property developers such as IDC, if it plans to venture into socialized housing and low-cost housing development are expected to benefit from this law since it should make selling low-cost housing projects easier and more convenient to property seekers. Lots and house and lots (and other properties which are deemed residential) worth Php1,500,000 and Php 3,199,200.00 below, respectively, are exempt from being levied a value-added tax.

There is also a tax relief on young professionals who comprise as much as 47% of the country's labor force who are renting or leasing P15,000 a month for apartments or condo units near their workplace for easier accessibility, comfort and convenience. They are to benefit from VAT exemption as well as removal of VAT on association dues for condominiums. This incentive in turn will increase the demand for apartments and condo units near the work place which can help decongest traffic in the cities. On the other hand, the law increased the documentary stamp tax which increased the cost of transactions and in doing business. Additionally, the value-added tax of 12% imposed on residential units for sale worth Php 3,199,200.00 and above, increased the total contract price which in turn makes selling these properties more challenging.

To manage the negative effects of the TRAIN law as it concerns the real estate industry, IDC would have to re-position its mixed-use condominium projects with more studio units which will be offered at an affordable price to the middle and higher- income market. Moreover, these affordable residential condo units costing up to Php 3,199,200.00 can be packaged as attractive investments for lease to or owned by the young professional workforce. IDC may also consider to venture into the low-cost housing market to benefit from the tax incentives under the TRAIN law.

Occurrence of natural and other catastrophes

The Philippines has experienced a significant number of major natural catastrophes over the years, including typhoons, volcanic eruptions, earthquakes, storm surges, mudslides, fires, droughts, and floods. Natural catastrophes will continue to affect the Philippines and may negatively affect the Company's real estate projects.

IDC sees to it that its design and technical plans are compliant at the minimum with the specifications and standards of the national and local building code. IDC's contractors are required to strictly enforce all safety and security measures in the construction of its projects. It is also a mandatory requirement to have a contractor's all risk insurance to cover all risks that may occur during construction. The Company also has a comprehensive liability insurance for its properties covering all perils such as earthquake, fire, flood including personal and group liability coverage on accidents, death, theft and robbery.

Nevertheless, there is no assurance that the insurance coverage that the Company maintains for these risks will adequately compensate for all damages and economic losses resulting from natural calamities. Such losses could materially and adversely affect the Company's business, financial condition and results of operations. The Company mitigates this risk through the geographic diversity of its projects, thereby minimizing the impact of a potential natural catastrophe. The Company's projects are also located in relatively less flood-prone areas.

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

Foreign buyers generate a portion of the demand for the Company's housing and land development projects. A number of factors could lead to a reduction in the number of foreign buyers or a reduction in the purchasing power of foreign buyers, among other effects. These include:

- an appreciation of the Philippine peso, which would result in the decreased value of the other currencies transmitted by foreign buyers relative to the Philippine peso;
- difficulties in the transmittal 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;
- the imposition of restrictions by the Government on the acquisition of condominium units by foreign citizens

DESCRIPTION OF PROPERTIES

The Company owns several real estate properties as described below. The Company has under its name the land titles for the project Primavera Residences and Primavera City Phase 1 and Phase 2, all located in Bgy. Upper Carmen, Cagayan de Oro City. Also, the land title of Miramonti Phase 1 located at Bgy. San Rafael, Sto. Tomas, Batangas is already in the name of IDC.

With regards to the other lots allotted for Primavera City Phases 3 and 4, the respective titles for Lots 1, 2 and 3 has been transferred to company following the completion of the amortization of payments. For the site of Miramonti Phase 2 lot in Sto. Tomas, The company has terminated its Joint Venture Agreement with the owner, Lanvin Natural Resources, Inc., and has bought the property outright. The development of Miramonti Phase 2 has been assigned to IDC Prime, which has entered into a Serviced Residences Management Agreement with Scotts Philippines, Inc., the Philippine subsidiary of Ascott Limited. Once completed, Miramonti Phase 2 will be operated under the Citadines brand. The Company also owns two intellectual property rights in its favor, which are registered with the Intellectual Property Office of the Philippines.

REAL PROPERTIES

Primavera Residences

The land for Primavera Residences Tower A is a 1,125 square meter property with TCT number 137-2011000850, located at Barangay of Upper Carmen Cagayan de Oro City, Island of Mindanao, Philippines. This property was acquired from PODC at a total contract price of PHP13,227,213.00 which was fully paid last 26 January 2011. This title was used to secure the Company’s development loan with Landbank. The liens and encumbrances on the land has been cancelled since the development loan with Land bank has been fully paid on March, 2015.

The land for Primavera Residences Tower B is a 1,126 square meter property with TCT number 137-2013000753, located at Barangay of Upper Carmen Cagayan de Oro City, Island of Mindanao, Philippines. This property was acquired from PODC at a total contract price of PHP13,238,970.21, which was fully paid last 08 February 2013. Said title was used to secure the Company’s developmental loan with Bank of Philippine Islands (BPI). The liens and encumbrances on the land has been cancelled since the development loan with BPI has been fully paid on April 2017.
The Primavera Residences Tower A and B has been finished and delivered.

Primavera City

The land for Primavera City project Phases 1, 2, 3 and 4 consists of seven (7) lots with a total area of 6,558 square meters. The property is located at Macapagal corner Masterson Avenue, Pueblo de Oro Business Park, Bgy. Upper Carmen, Cagayan de Oro City, Island of Mindanao under the name of PODC. Contracts to Sell have been entered into by the Company for three lots covering 2,810 sqm. (lots 1, 2, and 3). The land for lots 4, 5, 6 and 7, allocated as the site for Primavera City Phase 1 – Towers A and B and Primavera City Phase 2, has been fully paid by IDC and the title is already under the name of Italpinas Development Corporation.

The land for Primavera City Tower A is a 937 square meter property pertaining to Lot 7, Block 20 with TCT number 137-2016001714 in the name of IDC has been issued by the Registry of Deeds on April 8, 2018. Similarly, the land title for Primavera City Tower B is a 937 square meter property pertaining to Lot 6, Block 20 with TCT number 137-2016001800 has been issued by ROD on April 8, 2016. Both properties are located at Barangay of Upper Carmen Cagayan de Oro City, Island of Mindanao, Philippines. The two properties were acquired from PODC at a total contract price of PHP24,616,208.10.

The lands for Primavera City Phase 2 composed of 1,874 square meter properties pertaining to Lot 5, Block 20 and Lot 4, Block 20 with TCT numbers 137-2020001209 and 137-2020000889, respectively, in the name of IDC. These properties are located at Barangay of Upper Carmen Cagayan de Oro City, Island of Mindanao, Philippines. The two properties were acquired from PODC at a total contract price of PHP33,475,693.

Primavera City is a complex of mixed-use residential and commercial buildings composed of seven (7) towers. The construction will be divided into four (4) phases, of which, Primavera City Phase 1 was almost fully completed by the end of 2020 while Primavera City Phase 2 started construction in 4Q 2019. The total construction cost of Primavera City Phase 1 is partially financed by a P350 million development loan from the Development Bank of the Philippines (“DBP”), collateralized by lot 6 and 7 with CTC numbers 137-2016001714 and 137-2016001800.

Miramonti

The total land area for the Miramonti project which is to be developed in two phases is a 7,404 square meter commercial/residential property located at Millenium Drive, Light Industry Science Park III, San Rafael, Municipality of Sto. Tomas, Province of Batangas.

The land identified as Lot 1-A-3 allocated for the Miramonti Phase 1 comprising of 2,057 square meters has been fully paid by IDC. The title bearing TCT No. 056-2017001498 has been transferred in favor of IDC by Register of Deeds, Tanauan on March 23, 2017. The land was acquired from RFM.

The second commercial/residential lot with an area of 5,347 square meters identified as Lot 1 of Block 3A will be the site of the prospective Miramonti Phase 2. The company has bought the property. The development of Miramonti Phase 2 has been assigned to IDC Prime, which has entered into a Serviced Residences Management Agreement with Scotts Philippines, Inc., the Philippine subsidiary of Ascott Limited. Once completed, Miramonti Phase 2 will be operated under the Citadines brand.

INTELLECTUAL PROPERTIES

The Company owns Intellectual Properties which it registered with the Intellectual Property Office of the Philippines. Below is a summary of the marks registered under the Company:

TRADEMARK	Registration	Term
IDC ITALPINAS DEVELOPMENT CORPORATION	Registration No. 4/2015/00504687 25 Aug 2016	10 years Until 25 Aug 2026
IDC	Registration No. 4/2016/00503037 10 Nov 2016	10 years 10 Nov 2026
Move into Italian Style	Registration No. 4/2016/00502899 10 Nov 2016	10 years 10 Nov 2026
Living by Design	Registration No. 4/2015/00504770 22 Sep 2016	10 years 22 Sep 2026
Primavera Residences in CDO	Registration No. 4/2017/00016019 10 October 2019	10 years 10 Oct 2029
Primavera City	Registration No. 4/2016/00502079 22 Sep 2016	10 years 22 Sep 2026
Citta' Verde @ Primavera City Move into Italian Style	Registration No. 4/2022/00513454 9 April 2023	10 years 9 April 2033

Citta' Bella @ Primavera City Move Into Italian Style	Registration No. 4/2022/00513378	4 May 2023	10 years 4 May 2033
Citta' Alta @ Primavera City Move Into Italian Style	Registration No. 4/2022/00513381	4 May 2023	10 years 4 May 2033
Citta' Grande @ Primavera City Move Into Italian	Registration No. 6/2022/00513378	4 May 2023	10 years 4 May 2033
Miramonti	Registration No. 4/2017/00004603	14 Sep 2017	10 years 14 Sep 2027
Verona GREEN APARTMENTS IN UPTOWN CDO	Registration No. 4/2022/00513446	17 April 2023	10 years 17 April 2033

LEASED PROPERTY

The Company uses a 189 square meter office space located at Unit 28C BPI Philamlife Building, 6811 Ayala Ave., Makati City, as its head office. This property is owned by Terrace 28 Corporation. The lease is for duration of one (1) year until February 2025 with option to renew150 days prior to the expiry of the lease contract. Total lease payments for the two-year duration amount to Php1,698,732.00, inclusive of value added and withholding taxes.

FUTURE PROSPECTS

As discussed previously, through a combination of qualitative and quantitative market studies, the Company has identified potential areas for its future developments in Southern Luzon & Visayas.

Board of Directors and Principal Officers

The members of the Board and Principal Officers of the Company are as follows:

Name	Nationality	Position	Date of Last Election / Appointment
Romolo Nati	Italian	Director, Chairman and Chief Executive Officer	September 18, 2023
Jose D. Leviste III	Filipino	Director/President	September 18, 2023
Christine P. Base	Filipino	Director	September 18, 2023
Dionisio A. Tejero	Filipino	Director	September 18, 2023
Giuseppe Garofalo	Italian	Director/Chief Operation Officer and Treasurer	September 18, 2023
Gladys Ivy M. Echano	Filipino	Director/National Sales Director	April 24, 2024
Jose G. Araullo	Filipino	Independent Director	September 18, 2023
Raphael Dominguez	Filipino	Independent Director	September 18, 2023
Emeraldo Magnaye	Filipino	Independent Director	September 18, 2023

The members of the Board of Directors are elected during each regular meeting of the stockholders and shall hold office for one (1) year and until successors are elected and qualified.

Profile and Business Experience of the Board of Directors

Following are descriptions of the business experience of the Company's directors and officers for the last five (5) years:

Arch. Romolo Nati
Chairman of the Board of Directors, Chief Operating Officer

56 years old, Italian, is a multi-awarded green architect, sustainable developer and multi-awarded car designer (BMW and Mitsubishi). He has been awarded in Italy, Estonia and the Philippines. He graduated “Summa Cum Laude” in Architecture in Rome at the University of Rome “La Sapienza” and has a Specialization Course in Urban Landscape and Layers from University of Tallin, Estonia. He has also completed the Executive Masters in Business Administration from Asian Institute of Management, Philippines in 2019. Arch. Nati is primarily responsible for the overall management and implementation of IDC’s projects. He particularly enjoys working in a team environment, collaborating with the development and design teams from concepts, early site and product development through project sell-out. Arch. Nati also serves as the Chairman of Damiani Property Management and Services Inc. and Vice Chairman of Constellation Energy Corporation.

Atty. Jose Dayrit Leviste, III
Director, President

44 years old, Filipino, earned his degree in Law at the University of New South Wales in Australia and was Associate Attorney at Toda & Co. Commercial Lawyers in Australia. Atty. Leviste also serves as the President of Constellation Energy Corporation, Damiani Property Management and Services Inc. as well as Asian Arc Philippines. Atty. Leviste is also in charge of strategic decision for the company, such as acquisition of new properties and agreements with different partners. He also helps conceptualize the Company’s plans for future expansion. He is a Director of Pacific Rim Innovation and Management Exponents, Inc. and Ankar Pharma.

Giuseppe Garofalo
Director, Chief Operating Officer and Treasurer

36 years old, Italian, earned his degree in Civil Engineering at the University of Calabria in Italy. He also has a Master’s degree in Structural Engineering at the Polytechnic of Turin (Italy). Currently he is PMP certified from Project Management Institute. He is a professional Civil Engineer with 10+ years of experience in design, project management and sustainable real estate development. As Chief Operating Officer, he is leading the execution of the Company’s multimillion- dollar property portfolio through lifecycle from business development, pre-development, sales and marketing, construction, up to turn-over of the projects.

Gladys Ivy M. Echano
Director, National Sales Head

47 years old, Filipino, is a licensed Real Estate Broker who is responsible for the sales force management, sales accounts management, business development, market research, advertising and promotions, events organization and public relations representing IDC’s Primavera Sales Office in Cagayan de Oro. She graduated with a degree in Business Management at the Xavier University, Ateneo de Cagayan.

Mr. Jose G. Araullo
Independent Director

86 years old, Filipino, held various top management positions for over 14 years in a group of companies that includes the country's largest commercial bank. Joe was senior vice president of the bank itself and held CEO- and COO-level positions in the network's savings bank, credit card, securities and investment companies. He was president of PICPA in 1985 and again in 1986, and of the Bankers Institute of the Philippines in 1985. In 1992, PICPA honored him as Most Outstanding CPA in Public Practice. He obtained his bachelor's degree in accountancy from San Beda College, which selected him in 2001 as one of the Outstanding Bedans of the Century, and established the Jose G. Araullo Distinguished Professorial Chair in Auditing in recognition of his significant contributions to the advancement of the accountancy profession. Mr. Araullo is also the Chairman of The Real Bank (A Thrift Bank), Inc. He is also President of Fontana Resort and Country Club, Inc. as well as a Director in Philippine Savings Bank.

Atty. Christine P. Base
Director

54 years old, Filipino, served as the Corporate Secretary and at the same time Director of the Company for six years. She is also the Corporate Secretary and a member of the Audit committee of the Anchor Land Holdings, Inc. since April 10, 2007. She is currently a Corporate and Tax Lawyer at Pacis and Reyes, Attorneys and the Managing Director of Legisforum, Inc. She is the Corporate Secretary of Araneta Properties, Inc., Active Alliance Incorporated, Asiasec Equities, Inc. and Ever- Gotesco Resources and Holdings, Inc. She is a director and/or corporate secretary of several private corporations. She was an Auditor and then Tax Lawyer of Sycip, Gorres, Velayo & Co. She is a graduate of Ateneo De Manila University School of Law with a degree of Juris Doctor. She passed the Bar Examination in 1997. Ms. Base is also a Certified Public Accountant. She graduated from De La Salle University with a degree of Bachelor of Science in Commerce major in Accounting.

Atty. Dionisio A. Tejero
Director

82 years old, Filipino, founding and senior partner of the law firm D. A. Tejero & Amoranto Law Offices. He was a vice-president and associate general counsel of San Miguel Corporation when he retired on December 31, 1990 after more than 17 years of service. He was also San Miguel's lead counsel in Industrial Relations. His service and advice covered the development of Industrial Relations Strategies and policies for Collective Bargaining Agreement (CBA) negotiations and its administration, effective communications programs, the training and development of managerial personnel, enhancement of labor productivity and the promotion of industrial peace. He has also been a resource person for seminars and training programs on Labor Relations and Technology Transfer conducted by the U.P. Law Center, SOLAIR, the Department of Trade and Industry, the Department of Labor and Employment and various companies. He finished his Bachelor of Arts course in 1962 and Bachelor of Laws in 1967 at the University of the Philippines. He passed the Bar Examinations in 1967 and has been a law practitioner since then.

Rafael Dominguez
Independent Director

55 years old, Filipino, Mr. Dominguez served as Director, SVP, and Owner's Representative of The Linden Suites from the year 2004 up to June 30, 2016. Thereafter, up to the present date, he is serving as The Linden Suite's President and Owner's Representative. He is also presently a director of Marco Polo Davao and PTFC Redevelopment Corporation, for which he has served as such since 2004 and 2009, respectively. He graduated from Xavier University, Ateneo de Cagayan in 1991, and obtained his Master's Degree in Business Administration in 2001 from Boston College.

Major General Emeraldo C. Magnaye
Independent Director

64 years old, Filipino, graduated as "Magna Cum Laude" and No. 2 in PMA "Matikas" Class of 1983. He earned his Bachelor of Science Degree in Electrical Engineering at the University of the Philippines Diliman. His civilian schooling includes: Graduate Diploma in Information Systems at University of Melbourne, Graduate Course in Business Economics at University of Asia and the Pacific, locally conducted Executive Course in Governance and Management of Defense by the Defense Academy of United Kingdom locally conducted in Manila by Cranfield University and the 15th Executive Course on National Security by the Defense Management Institute at the National Defense College of the Philippines. Some of his military education includes: Philippines- Australia Integrated Logistics Support Awareness Course, Basic Staff Course at Royal Australian Air Force (RAAF) College, Point Cook Australia, Instructors Technique Course in RAAF Base William town, Command and Staff Course at Air Command and Staff College, PAF and a lot more. While he was the Vice Commander of the Philippine Air Force, he was appointed as trustee of the Mutual Benefit Association, Inc. (MBAI). After his retirement in the AFP on May 20, 2016, he was designated to manage the Mactan Island Golf Club in Lapu-Lapu City Cebu, one of the premier golf club in Central Visayas, while serving as elected trustee of AFPSLAI for more than one term before he was chosen as its Executive Vice President and General Manager. He was later elected as the President and CEO of the association until July 21, 2020.

Key Officers

Mr. Harold J. Dacumos
Senior Vice President for Banking and Business Development

71 years old, Filipino, has over 30 years of experience in the field of banking and finance. He is responsible for the sourcing of funds and the overall financial and accounting management of the company. He also supports the company in business development and strategic planning. He maintains good and long-term business relationships with banks, other financial institutions and investors to support the company's financial requirements to develop its various projects. Mr. Dacumos graduated from the University of the Philippines, Diliman with a degree in Business Administration. He also has a Master's degree in Urban and Regional Planning from the same University. Mr. Dacumos also has a Master's in Business Administration from De La Salle University. He also attended the Senior Business Economic Program from the University of Asia and the Pacific.

Ms. Mary Ann B. Lopez
Vice President of Finance and Administration

56 years old, Filipino, is a Certified Public Accountant who is responsible for the overseer of Finance Department. Her functions include financial reporting and analysis, policy recommendations and assurance of compliance with financial regulations. She provides financial and administrative services in the area of accounting, disbursements, fund management, procurement, budgeting and asset management. Ms. Lopez attended her first two years in college at the University of Santo Tomas. She then transferred to the University of the East where she graduated with a Degree in Business Administration major in Accounting. She was a consistent scholar during her college years. She attended various seminars on tax compliance and updates. She is a member of Philippine Institute of Certified Public Accountants (PICPA).

Ms. Clara Marie Asuncion G. Elizaga
Senior Director for Operations and Investor's Relation

46 years old, Filipino, is a licensed Environmental Planner who is responsible for the post sales operations, collections, property management and operations planning, relationship management, corporate affairs and public relations. As head of Corporate Affairs, she represents IDC in Cagayan de Oro and coordinates with government sector and business community. She formerly worked with the SM Supermalls group serving as Mall Manager for SM City Cagayan de Oro for six years. She is one of the pioneer Industrial Designers in Northern Mindanao. She recently finished her studies in Master in Business Administration major in Strategy at the Asian Institute of Technology in Thailand. She is a recipient of the Goldman Sachs 10000 Women global initiative. She graduated Cum Laude with a degree in Bachelor of Science in Industrial Design at De La Salle University.

Atty. Michael John A. Tantoco Jr.
Corporate Secretary

32, Filipino, is currently focused on corporate and commercial transactions, publicly listed company compliance, energy, data privacy, immigration, estate settlement, labor, and litigation. Atty. Tantoco's experience extends to assisting clients, both local and foreign, in matters concerning their incorporation, structuring, reorganization, regulatory compliance, mergers and acquisitions, due diligence, legal opinion drafting, compliance by publicly listed companies, energy related matters, data privacy compliance and best practices, visa application and renewal, estate settlement, and civil and criminal litigation. Atty. Tantoco also represents clients before several regulatory bodies such as the Securities and Exchange Commission, Philippine Stock Exchange, Philippine Economic Zone Authority, Department of Energy, Energy Regulatory Commission, Bureau of Immigration, Bureau of Internal Revenue, Department of Labor and Employment, National Labor Relations Commission, and various Trial Courts. Atty. Tantoco received his bachelor's degree in Business Management with a Minor in Entrepreneurial Development from the Ateneo de Manila University in 2013 and graduated with his Juris Doctor degree at the Ateneo Law School in 2017.

Atty. Aleli Manimtim-Cordero
Assistant Corporate Secretary

62 years old, is the Company's Legal Counsel. She was previously VP- Group Legal Head of Philsteel Holdings Corporation. She was also a former Partner at De Jesus Paguio & Manimtim Law Offices, during which time she acted as Corporate Secretary, and directed regulatory compliance for the firm's clients. She was Legal Consultant to foreign funded foundations, specifically Light of All Nations Missions, Inc., School of Tomorrow Philippines, and the Purple Fund (formerly Philippine Christian Foundation). She was likewise a Professorial Lecturer at the College of Law of Adamson University, San Sebastian College Recolletos, and Pamantasan ng Lungsod ng Maynila. She earned her undergraduate and law degrees from the University of the Philippines, Diliman Campus.

As of 30 June 2024, the company has seventy-three (73) regular employees and twenty-nine (29) probationary employees. None of them are subject to any Collective Bargaining Agreement.

Job Level	Number	Employment Status
Executive Management	8	Regular
Managerial & Supervisory	7	Regular
Managerial & Supervisory	4	Probationary
Rank-and-File	66	Regular
Rank-and-File	25	Probationary

Item 6. Involvement in Certain Legal Proceedings

Apart from the following, the Company is not aware of any adverse events or legal proceedings during the past five years that are material to the evaluation of the ability or integrity of its directors or executive officers:

Date Filed	Case No./ Venue	Parties	Nature	Factual Basis
10-18-2017	CV-ORD-2018-881 RTC-Cagayan de Oro	IDC vs. Atty. Gael Paderanga, Ma. Olivia Gonzales and Kretzyl Abdon	For Accounting & production of documents relating to Condominium Corporation	IDC, as unit owner, sued Condominium Corporation officers demanding production of corporate records
11-9-2017	CR-ORD-2018-3105 RTC-Cagayan de Oro	People vs. Marie Cristy Lugtu	For Cyber Libel	Accused posted statements on Facebook casting aspersions on IDC

8-17-2018	CV-ORD-2018-881 RTC-Cagayan de Oro	IDC vs. Atty. Gael Paderanga, Ma. Olivia Gonzales, Engr. Marie Cristy Lugtu, Ma. Carmela Lee, Clyde Talampas and Kretzyl Abdon	For Indirect contempt	Respondents refused to abide by the Temporary Restraining Order issued by the Court in a case for consignation of condominium dues
11-23-2018	R-MKT-17-02580-CV RTC-Makati	IDC vs. Marie Cristy Lugtu	For Civil Damages	This is the civil aspect of Criminal Case No. CR-ORD-2018-3105
11-23-2018	R-MKT-18-04974-CV RTC-Makati	IDC vs. Marie Cristy Lugtu	For Civil Damages	Respondent filed cases against IDC, which were eventually dismissed, for which reason the Company sued for damages
11-23-2018	RMKT-18-04-973-CV RTC-Makati	IDC vs. Atty. Gael Paderanga	For Civil Damages	This is the civil aspect of Criminal Case No. CR-ORD-2018-2104
2-21-2021	CA-GR SP No. 09620-MIN Court of Appeals	Atty. Gael Paderanga vs. Judge Emmanuel Pasal & IDC	For Certiorari & Prohibition	Accused filed a Motion to Quash of the Information in Criminal Case No. CR-ORD-2018-2104. When the same was denied, accused elevated the case to the Court of Appeals

All the above-mentioned cases, do not affect the ability and integrity of the subject officers and directors.

Item 7. Market Price of and Dividends

The Company's Common Shares are traded on the PSE under the symbol "IDC".

The following table sets out, for the periods indicated, the high and low sales prices for the Company's Common Shares, as reported on the PSE:

Year	Quarter	High	Low	Closing Price (in Php)
2024	First	0.770	0.610	0.730
	Second	1.220	0.670	1.130
2023	First	1.060	0.760	0.770
	Second	0.900	0.650	0.840
	Third	0.920	0.700	0.790
	Fourth	0.810	0.610	0.690
2022	First	1.220	0.890	0.920
	Second	0.960	0.690	0.750
	Third	0.840	0.600	0.640
	Fourth	0.940	0.600	0.800
2021	First	3.980	2.210	2.480
	Second	2.750	2.150	2.590
	Third	2.570	1.870	1.950
	Fourth	2.590	1.200	1.210

At present, the Company has an authorized capital stock of PHP700,000,000 divided into 1,300,000,000 common shares and 100,000,000 preferred shares both with a par value of PHP0.50. The increase in authorized capital stock was approved by the SEC on November 22, 2021.

Previously, the Company has an authorized capital stock of PHP377,993,600 divided into 655,987,200 common shares and 100,000,000 preferred shares both with a par value of PHP0.50. The increase in authorized capital stock was approved by the SEC on December 22, 2017.

The Board of Directors of the PSE approved the listing of the Common Shares on November 11, 2015. The Common Shares are not subject to outstanding options or warrants to purchase, or securities convertible into Common Shares. The Offer Shares was listed on December 7, 2015 under the stock symbol "IDC" on the SME Board of the Exchange.

No stockholder shall have a right to purchase or subscribe to any additional share of the capital stock of the Company whether such shares of capital stock are now or hereafter authorized, whether or not such stock is convertible into or exchangeable for any stock of the Company or of any other class, and whether out of the number of shares authorized by the Articles of Incorporation of the Company as originally filed, or by any amendment thereof, or out of shares of the capital stock of any class of the Company acquired by it after the issue thereof; nor shall any holder of any such stock of any class, as such holder, have any right to purchase or subscribe for any obligation which the Company may issue or sell that shall be convertible into, or exchangeable for, any shares of the capital stock of any class of the Company or to which shall be attached or appertain any warrant or warrants or any instrument or instruments that shall confer upon the owner of such obligation, warrant or instrument the right to subscribe for, or to purchase from the Company, any shares of its capital stock of any class.

The Board of Directors may, from time to time, grant stock options, issue warrants or enter into stock purchase or similar agreements for purposes necessary or desirable for the Company and allocate, sell or otherwise transfer, convey or dispose of shares of stock of the Company of a class or classes and to such persons or entities to be determined by the Board of Directors including, but not limited, to employees, officers and directors of the Company.

Further, no transfer of stock which will reduce the ownership of Filipino citizens to less than the required percentage of the capital stock as may be required by law shall be allowed or permitted to be recorded in the proper books of the Company.

STOCKHOLDERS

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

Title of each class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	629,568,795

The following are the Top Twenty (20) stockholders of the Company as of June 30, 2024:

Name	Nationality	No. of Shares Subscribed and paid	% of Total Outstanding Shares
Jose D. Leviste III	Filipino	182,807,930	29.04%
Romolo V. Nati	Italian	157,324,714	24.99%
PCD Nominee Corporation (Filipino)	Filipino	276,961,843	43.99%
PCD Nominee Corporation (Foreign)	Foreign	9,113,068	1.45%
Giuseppe Garofalo	Foreign	3, 356,700	Nil
Christine P. Base	Filipino	3	Nil
Shennan A. Sy	Filipino	931	Nil
Antonio R. Samson	Filipino	924	Nil
Ofelia R. Blanco	Filipino	1,916	Nil
Owen Nathaniel S Au ITFLi Marcus AU	Filipino	283	Nil
Owen Nathaniel S. AuITF Li Marcus AU	Filipino	283	Nil
Shareholders' Associationof the Philippines Inc.	Filipino	196	Nil
Jose G. Araullo	Filipino	3	Nil
Jose M. Periquet	Filipino	1	Nil
Total		**629,568,795**	**100.00%**

a. Dividends

i. Dividend History

The Board of Directors of the Corporation in a special meeting held on January 30, 2015 declared stock dividends of 0.64 for every one (1) share owned by all the holders of the Company's Common Shares in the amount of PHP 31,998,400.00 to all stockholders of record as of January 30, 2015.

On April 27, 2017, the board of directors approved to declare 100,000,000 stock dividends and the shareholders ratified the same on May 31, 2017. The SEC approved the declaration of dividends on December 22, 2017. The record date of the declaration was January 15, 2018 and payment and listing date was on February 5, 2018.

In a meeting held on October 21, 2019, the Company's BOD approved the declaration of stock dividends at the rate of 35%, to be taken from the Company's retained earnings.

On December 16, 2019, the Company's issued stock dividends of 112,566,575 common shares to shareholders of record as at November 20, 2019 amounting to P56,283,288.

In a meeting held on September 25, 2020, the Company's BOD approved the declaration of stock dividends, to be taken from an increase in the authorized share capital from P377,993,600 to P700,000,000.

On November 26, 2021, following the Company's application for the increase in authorized share capital, the SEC approved and authorized the issuance of 195,383,420 common shares to cover the stock dividends declared on September 25, 2020. Payment date was on January 14, 2022.

No dividends were paid in 2022, nor will dividends be paid in 2023 since the appreciation in value of investment properties account for the retained earnings, and not actual profit.

ii. Restriction on the Payment of Dividends

The Company, from time to time, distributes to its shareholders surplus funds from its distributable profits and/or general reserves, as may be determined by the Board of Directors subject to the following limitations: a) The recognition of profit and availability of cash for distribution or the viability of dividends; b) Any banking or other funding requirements by which the Company is bound from time to time; c) The operating and investment needs of the Company; d) The anticipated future growth and earnings of the Company; e) Any relevant applicable laws.

iii. Recent Sales of Unregistered / Exempt Securities

Within the past year, the Corporation has not undertaken nor has entered into any recent sale of any unregistered or exempt securities, including recent issuances of securities constituting an exempt transaction.

iv. Corporate Governance

The Company has promulgated a Manual on Corporate Governance that took effect in 2015. The Manual continues to guide the activities of the Company and compliance therewith has been consistently observed.

There has been no deviation from the Company's Manual on Corporate Governance.

The Company believes that its Manual on Corporate Governance is in line with the leading practices and principles on good governance, and such, is in full compliance.

The Company will improve its Manual Corporate Governance when appropriate and warranted, in the Board of Directors' best judgment. In addition, it will be improved when a regulatory agency such as the SEC requires the inclusion of a specific provision.

COVER SHEET

C S 2 0 0 9 0 0 9 1 7

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

(Company's Full Name)

U N I T 2 8 C B P I P H I L A M L I F E B U I L D I N G

6 8 1 1 A Y A L A A V E N U E M A K A T I C I T Y

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

MARY ANN B. LOPEZ	(+63 2) 8893-0328
(Contact Person)	(Company Telephone Number)

1 2 / 3 1	1 7 Q	Last Monday of March
Month *Day*	*(Form Type)*	*Month* *Day*
(Fiscal Year)		(Annual Meeting)

N / A

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = Please use BLACK ink for scanning purposes

Sec Number CS200900917

File Number

ITALPINAS DEVELOPMENT CORPORATION
(Company's Full Name)

Unit 28C BPI Philamlife Building, 6811 Ayala Ave., Makati City
(Company's Address)

(+63 2) 8893 0328
(Telephone Number)

30 June 2024
(Quarter Ending)

SEC Form 17-Q
(Form Type)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **June 30, 2024**

2. Commission identification number: **CS200900917**

3. BIR Tax Identification No. **007-213-353-000**

4. Exact name of issuer as specified in its charter: **ITALPINAS DEVELOPMENT CORPORATION**

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

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office: **Unit 28C BPI Philamlife Building, 6811 Ayala Ave., Makati**
   Postal Code: **1226**

8. Issuer's telephone number, including area code: **(+63 2) 8893 0328**

9. Former name, former address and former fiscal year, if changed since last report: **Not applicable**

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

Title of each class	Number of shares issued and outstanding (June 30, 2024)
Common Shares	629,568,795

11. Are any or all of the securities listed on a Stock Exchange? Yes [✓] No [ ]

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

    Philippine Stock Exchange — Common Shares

12. Indicate by check mark whether the registrant:

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

    (b) has been subject to such filing requirements for the past ninety (90) days.
    Yes [ ] No [x]

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For the Period Ended June 30, 2024 and June 30, 2023

Unaudited Consolidated Statements of Comprehensive Income
For the Quarter Ended June 30, 2024 and June 30, 2023

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For the Periods Ended June 30, 2024 and June 30, 2023
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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

*The accompanying report of **Italpinas Development Corporation** comprise the unaudited condensed consolidated financial statements for the three months ended June 30, 2024 and have been prepared in accordance with the Philippine Accounting Standard 34, Interim Financial Reporting and hence do not include all of the information required in the December 31, 2023 annual audited financial statements. Please see **Annex A**.*

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of Italpinas Development Corporation's financial performance for the three months ended June 30, 2024. The Company's MD&A should be read in conjunction with its unaudited consolidated financial statements and the accompanying notes. All financial information is reported in Philippine Pesos (Php).

OVERVIEW OF THE BUSINESS

Italpinas Development Corporation was incorporated in 2009 as Italpinas Euroasian Design and Development Corporation. The Company was subsequently renamed Italpinas Euroasian Design and Eco-Development Corporation. On July 15, 2015, the SEC approved the change of the Company's name to "Italpinas Development Corporation." Its primary purpose is to engage in the business of real estate development. The Company draws from its expertise in architectural design, market and demographic strategy, project development, and sales.

IDC uses passive and active green design strategy in developing high performance real estate properties in up-and-coming cities in the Philippines with high growth potential. The Company makes use of in-depth market research, design, and development strategies that start with a deep analysis of the target site's social, economic and environmental conditions for its property development projects.

The Company's first development project was the Primavera Residences located in the Pueblo de Oro Township in Cagayan de Oro City. It is a twin-tower 10-storey mixed-used condominium development which was well received by the local market and among investors across the Philippines and overseas. Construction of the first tower started in June 2010 and was completed in August 2012. The second tower was subsequently completed by the third quarter of 2015. Towers A and B of the Primavera Residences are almost fully sold. Primavera Residences has been awarded as the "Best Mixed-Use Development in the Philippines" by the International Property Awards, awarded in Kuala Lumpur, Malaysia in 2014 and was also "Highly Commended" in the "Best Condo Development" category at the Southeast Asia Property Awards held in Singapore in 2011. It was also awarded as a finalist among the "Most Promising Clean Energy Investment Opportunities" at the Climate Technology Initiative Private Financing Advisory Network (CTI PFAN) held in Manila in 2010.

The Company currently has a pipeline of projects. The next sustainable mixed-use condominium project by IDC is Primavera City, which is also located in the Pueblo de Oro Township in Cagayan de Oro City. At a competition held in Singapore on February 22, 2013, it was awarded as one of the top ten "Most Promising Clean Energy Investment Opportunities" by the Climate Technology Initiative Private Financing Advisory Network (CTI PFAN), whose funding partners include the Asian Development Bank (ADB) and the United States Agency for International Development (USAID). Primavera City also recently received the citation under the "Best Mixed-Use Development" category at the International Property Awards Asia Pacific in 2017 held in Bangkok, Thailand.

Primavera City is being implemented in four (4) phases. Phase 1 is comprised of Towers A and B, and Podium C (the commercial area and the basement parking) and was launched in June 2016 and March 2017, respectively. As of June 30, 2024, Tower A and Tower B are almost fully sold. Construction of Primavera City Phase 1 was fully completed at the end of 2021. The Company launched Phase 2 of the Primavera City last June 2019. As of June 30, 2024, Primavera City Phase 2 is likewise almost fully sold. Construction of Primavera City Phase 2 is expected to be completed by 3rd quarter of 2024. Phase 3 and Phase 4, the latter envisioned as a high-rise mixed condo, are slated for development in the 4th quarter of 2024.

As of June 30, 2024, all lots comprising Primavera City Phases 1 to 4, and totaling 6,558 square meters have been fully paid, and registered in the Company's name. The lots comprising Phases 3 and 4, totaling 2,810 square meters, has been conveyed to the Company's majority-owned subsidiary, IDC Prime, Inc., by way of payment for subscription in the latter's increase in capital stock.

As of even date, the Company has likewise given the established relationship of the Company with the ICCP Group, the owner and developer of the Pueblo de Oro Township in Cagayan de Oro City, the Company has fully paid the land in Sto. Tomas, Batangas, comprising of 2,057 sq.m, this is the site for IDC's mixed-use development project, the Miramonti. As of June 30, 2024, the company has sold more than 82% of the units available for sale.

The Miramonti project site is strategically located adjacent to the Manila-Batangas expressway, the Southern Tagalog Arterial Road ("STAR") Tollway, and directly accessed by the existing expressway exit, which is attractive to both growing local demand as well as the constant flow of traffic passing between Metro Manila and the Batangas City area.

Commercial properties will address a pronounced gap in commercial unit supply in the Sto. Tomas area, while the residential units and serviced apartments will serve the demand for accommodation from growing expatriate markets, transient markets, and from personnel frequenting the industrial and commercial zones between Metro Manila and Batangas port. In a similar strategy to that in Primavera City, an additional Memorandum of Agreement was signed with RFM-Science Park of the Philippines, Inc. to guarantee the right of first refusal to the Company over and adjacent lot at the Sto. Tomas site, allowing the Company to plan for expansion in keeping with strong demand forecasts.

In addition to the immediate pipeline of projects, the Company continues to pursue wide ranging analysis and field observations in order to identify additional locales in the Philippines that are consistent with its existing portfolio of hyper-prospective growth nodules in under-valued secondary and tertiary cities. The company is focused on expanding its presence in the areas wherein it already has existing projects such as Cagayan de Oro and Batangas, and have identified potential areas for future developments in Southern Luzon & Visayas. The Company is still in the process of conducting due diligence and validation of other areas of interests.

The Company has not been involved in any bankruptcy, receivership, or similar proceedings.

Corporate Vision-Mission

<u>Vision:</u> We strongly believe that human technique is inseparable from nature and nature is our inspiration. Therefore, we aim to design and build an environment where human development is in a balance with its environment.

<u>Mission:</u> We provide unique, innovative, sustainable and safe real estate products that satisfy and exceed the expectation of our customers, business partners and stockholders because "*not all buildings are created equal*."

The Founders of IDC

In 2009, Arch. Romolo Nati, a talented professional Italian Architect with international experience in design, real estate and property development in countries such as Italy, Estonia, Romania and other European countries came to the Philippines and met Atty. Jose D. Leviste III, an accomplished Filipino lawyer whose education and work experience were nurtured in the Philippines, United States and Australia. After learning that they both share the same vision and passion in promoting sustainable developments in the Philippines, these two successful professionals teamed up and, with the support of Jose Leviste, Jr., a seasoned Filipino renewable energy entrepreneur, corporate social responsibility advocate and sustainable mining investor, established ITALPINAS Euroasian Design and Eco-Development Corporation, subsequently renamed as Italpinas Development Corporation.

Arch. Nati inspires, conceptualizes, and directs the Company's designs, including its performance-based design solutions and systems, as well as its unique visual aesthetic. The approval of final architectural plans, as well as any other steps as may be required, is done by duly licensed and accredited Filipino architects.

Unique Value Proposition

IDC has the following value propositions that the Company believe puts it ahead of its competitors:

- LOCATION — We develop in up-and-coming cities, in safe and growing areas
- DESIGN — We deliver innovative, elegant and green Italian Design
- BUILDING — We build high quality, smart, safeand affordable buildings
- GREEN — We reduce environmental impact (lower energy and water consumption)

Awards, Recognition and, Track Record

Although IDC is a young company, its projects have been recognized and awarded by prestigious international organizations:

1. Best Mixed-Use Development in the Philippines 2023-2024 by International Property Awards- Asia Pacific (Verona Green Residences – with IDC Homes, Inc. as developer)

2. EDGE Champion (Worldwide) for 2023

3. Best Mixed-Use Development in the Philippines 2019-2020 by International Property Awards- Asia Pacific (Miramonti Green Residences)

4. Best Innovation Project of the Year 2018 by The Outlook-Lamudi, Philippines (Miramonti Green Residences)

5. Winner Of Best Mixed Used Development in The Asia Pacific in 2017 By the International Property Awards Held in Bangkok, Thailand, For Primavera City

6. Recognition By the Green Building Philippines, International Finance Corporation, Philippine Green Building Initiative with The Support of The Swiss Confederation for Promoting the Greening of The Building Sector, September 15, 2016
7. Winner Of Leadership in Green Building in the 2016 Philippine Green Building Council Awards, July 2016, For Primavera Residences
8. First Completed Condominium Project in East Asia in 2015 By Edge (Excellence in Design for Greater Efficiencies), For Primavera Residences
9. Winner Of Best Mixed-Use Development in The Philippines in the 2014-2015 International Property Awards, For Primavera Residences
10. Highly Commended as Best Condominium Development in The Philippines in the 2011 Southeast Asia Property Awards (Seapa), For Primavera Residences
11. Finalist In the Most Promising Clean Energy Investment Opportunities in the 2010 Cti-Pfan Asia Forum for Clean Energy Financing (Philippines), For Primavera Residences
12. Finalist In the Most Promising Clean Energy Investment Opportunities in the 2013 Cti-Pfan Asia Forum for Clean Energy Financing (Singapore), For Primavera City
13. Winner Of the Special Energy Award in the 2011 International Architectural Competition (Design Against the Elements, "Date"), Coral City
14. Highly Interesting Real Estate Project in the 2012 Xavier (Ateneo) University Cagayan De Oro City, For Primavera Residences and IDC
15. Highly Appreciated for Environmental Protection for Sustainable Development In 2011 by the National University Of Manila, For Primavera Residences

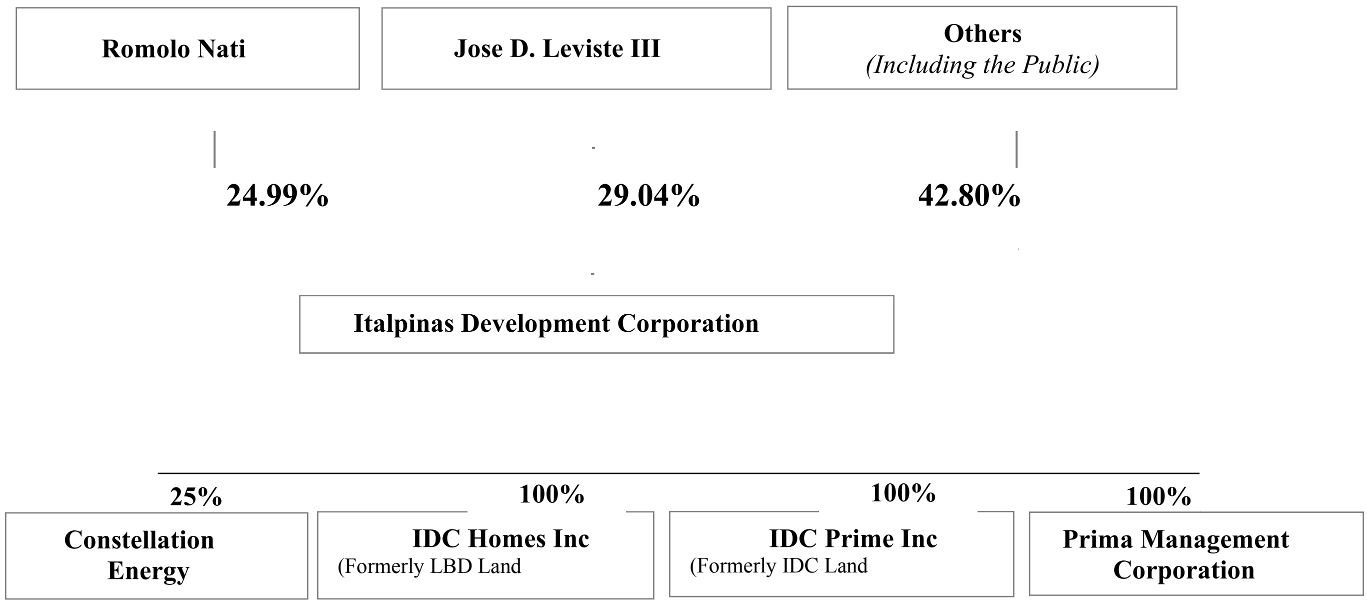
In addition, the two founders have also been invited to speak in notable events such as:

- "High level dialogue on ASEAN- ITALY Economic Relations" held in Singapore, organized by The European House-Ambrosetti;
- World Architecture Festival, as panelists, Singapore, 2015
- The Sustainability Summit Asia 2018 organized by The Economist in Kuala Lumpur; and
- The International Property Award event held in Bangkok in May 2019

Arch. Nati and Atty. Leviste have been also featured in National Geographic Magazine, Asia Edition, in 2014 for their innovation in Real Estate.

IDC developments are rated by EDGE (Excellence in Design for Greater Efficiency), the Green Building Rating System, developed by IFC (International Finance Corporation), which is part of the World Bank Group.

CORPORATE STRUCTURE



As of June 30, 2024, the Company's substantial shareholders are Architect Romolo Nati with 24.99%, and by Attorney Jose D. Leviste III with 29.04%. The remaining are owned by the public, with some officers and directors owning a non-substantial number of shares. The Company owns a 25% stake in Constellation Energy Corporation and a 100% stake in IDC Homes Inc (formerly LBD Land Corporation), IDC Prime Inc (formerly IDC Land Corporation) and Prima Management Corporation respectively.

SUBSIDIARIES

IDC Prime Inc (Formerly IDC Land Corporation)

IDC Prime Inc (Formerly IDC Land Corporation), a wholly-owned subsidiary of the Company, was incorporated last 19 August 2019 in order to streamline the Company's operations in Mindanao. The development of Miramonti Phase 2 has been assigned to IDC Prime.

IDC Homes Inc (Formerly LBD Land Corporation)

IDC Homes Inc (Formerly LBD Land Corporation), a wholly-owned subsidiary of the Company, was incorporated last 19 August 2019 in order to streamline the Company's operations in Luzon. The development of Verona Green Residences has been assigned to IDC Homes.

Prima Management Corporation

Prima Management Corporation, a wholly-owned subsidiary of the Company, was incorporated last 23 February 2022. Its primary purpose is to operate, hold, or provide partial or full-service management and maintenance of real estate businesses.

ASSOCIATES & AFFILIATES

Constellation Energy Corporation

At present, multiple factors converge in the Philippines to make renewable energy a prospective area. These include the passage of new legislation (the Renewable Act of 2008) that protects and encourages renewable energy development, the price of energy in the Philippines that remains among the highest in the region, as well as a shortage of energy production across the Philippines which represents demand for new generation.

In line with its commitment to sustainable development, the Company also holds a 25% equity stake in Constellation Energy Corporation ("Constellation" or "CEC"), providing it with strategic exposure to growth in the renewable energy industry and the Philippines' increasing demand for power. Constellation is engaged in the development of renewable energy facilities to provide clean sources of power and assure a stable supply of electricity to Filipino homes and industries.

Constellation Energy Philippines ("CEC") is a renewable energy development firm with development projects in hydroelectric, geothermal, and wind technologies. Together with its partners and investors, Constellation envisages the development of each of its projects into an independent power producer, producing electricity from natural resources and selling to the grid with electrical cooperatives, individual industrial consumers, and/or other entities as the buyers, or under the Philippine government's Feed-in-Tariff system. Constellation also provides technical consultancy, political and country risk management, financial advisory in connection with the energy field in the Philippines, backed by an extensive network and well-established government and community relations from national to local levels.

CEC was incorporated on June 24, 2008. As of June 30, 2024, CEC has paid-up capital totaling PhP20 million. It is 50% owned by Jose P. Leviste Jr. & spouse, 25% owned by Lili Investment Services Inc., and 25% owned by IDC.

CEC's board of directors consists of: Jose P. Leviste Jr. (Chairman), Romolo Nati (Vice Chairman), Jose D. Leviste III (President), Shennan A. Sy (Treasurer and Corporate Secretary), and Jennifer D. Leviste. CEC has officers in common with IDC, namely Jose D. Leviste III (concurrently President/Director of both CEC and IDC), and Romolo V. Nati (concurrently Vice Chairman/Director of CEC & Chairman/CEO/Director of IDC).

CEC has not established a specific dividend policy. Dividends may be issued to all shareholders on the basis of outstanding stock held by them. The amount, type and date of payment of the dividends to the shareholders would be determined by the Board of Directors of CEC.

Damiani Property Management and Services

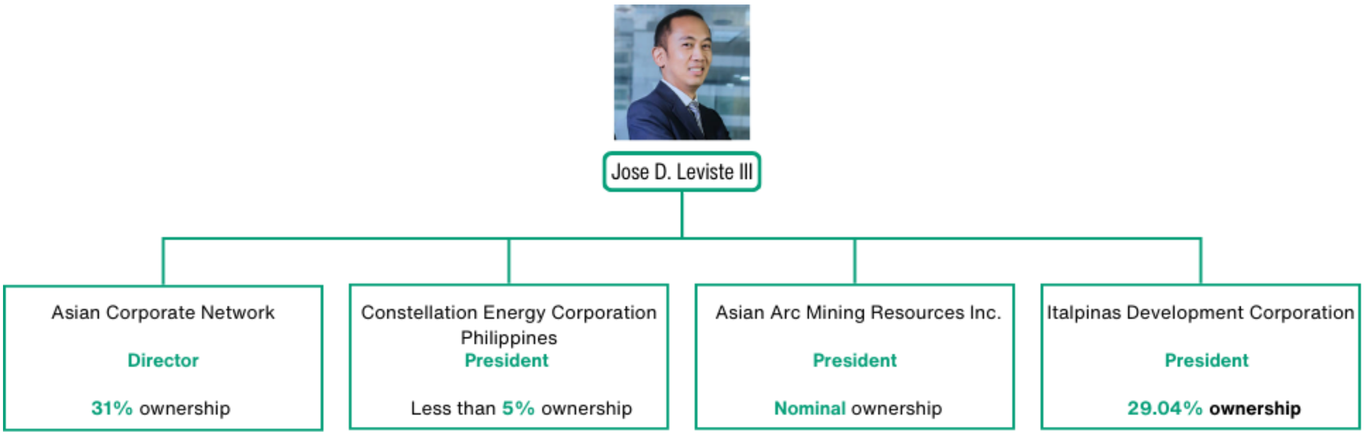
Damiani Property Management and Services was incorporated on 27 April 2016. Its primary purpose is to operate, hold, or provide partial or full-service management and maintenance of real estate businesses. IDC's Chairman and CEO, Romolo Nati, owns 25% of outstanding shares of Damiani. This company, however, has not been operating since June 30, 2022.

Primavera Residences Condominium Corporation (PRCC)

PRCC was initially incorporated and registered with SEC by the Company in order to be the Condominium Corporation for the Primavera Residences project. The Company owns certain units at the Primavera residences and participates as a member of the affiliate's BOD.

Other Holdings

Below are the other holdings of Attorney Jose D. Leviste III and Architect Romolo Nati:



COMPETITIVE STRENGTHS

Unmet demand for housing and stable organic increase in population make it likely that real estate in the Philippines will continue to grow at a steady rate. This is further supported by strong macro-economic growth, rising foreign investment, and increasing spending power among OFW families. While new housing developments have concentrated in the main cities, secondary and tertiary cities have been underserved, and represent an opportunity in the inevitable shortage in housing supply.

The Company is especially well poised to capitalize on this opportunity given the following competitive strengths:

Future-Fluent Intuition in Choosing Locations

The Company engages in rigorous and intensive market research, not just of the prospective projects, but of the host city as a wider demographic entity. This works in tandem with Architect Nati's extensive experience in real estate investment, and Atty. Leviste's academic background in sociology, which together manifest as a unique intuition in what areas or communities will be the next sites of rapid and inevitable growth. Target communities are chosen based on their position as up-and-coming, next wave communities. Cities are prioritized for having sharp growth prospects including steady organic growth, and dynamic economic and demographic prospects. Primavera Residences, for example, was the first condominium development of its kind in Cagayan de Oro at the time that its construction commenced, which demonstrates the foresight employed at the time to anticipate what is now proven to be a major growth center for property development.

Strong Culture of Research and Innovation

All of IDC's real estate developments are the product of in-house architectural design and innovation. The research and development heritage of the Company, through the extensive career of Architect Romolo Nati, extends to the portfolios of his European firm, ITA Projects (based in Italy and Estonia). In this predecessor firm, Architect Nati developed methods and characteristic aesthetics that the Company now deploys in the Philippines, such as the use of parametric architecture.

These design processes are possible only with the use of particular software running in graphic stations with high-powered computers. This software, when operated by an architect, is able to integrate various parameters such as weather conditions, financial requirements, functional needs, etc. with the goal of finding the best possible combination of all these elements in various degrees. The final design result represents the best possible solution (based on the given data). This process can also be called performance- based design, because the final design is the one that is expected to perform best out of the infinite number of possible combinations and permutations. In practice, since building sustainability and performance is achieved through design (as explained above rather than through the deployment of expensive high-tech features), the final product is affordable to buy and maintain. This is an important objective of IDC's innovation and research: the democratization of quality and sustainability in the real estate market.

In the Philippine context, where a substantial share of power consumption is for air conditioning and cooling, one main goal of IDC's sustainable designs is to reduce the indoor temperature in its developments. Increasing natural ventilation and reducing the direct sun projections on the windows (without compromising natural light) is the main task in reducing power consumption. The conservation of water and the reduction of the overall environmental impact during construction and for the entire life of the project are also important targets that the Company achieves through these approaches.

Total Commitment to Sustainable Development

The Company's aesthetic and design philosophy operate in tandem with a commitment to environmental conservation. The result of the Company's design innovations is not only to lighten the impact of development upon the environment, but also to lessen the dependence of end users on energy and water. This delivers savings to the end user, and is a key value proposition of the Company's developments.

Complementary Blend of Expertise

Architect Romolo V. Nati draws from his Italian design heritage and 15 years of professional experience to bring the latest and most advanced creative and performance- based architecture. He also has extensive experience in real estate development as well as architectural design. He has designed several buildings in his native Italy, as well as award winning public buildings in Estonia. He was also the recipient of design awards from BMW and Mitsubishi. His partner, Attorney Jose D. Leviste, offers forward-looking Filipino perspective. His legal background included commercial litigation while in private practice in Sydney, Australia. His project development experience includes his role as President and Chief Executive Officer of Constellation Energy Corporation, which is developing four (4) renewable energy generation assets utilizing wind, hydro, and geothermal technologies. The result is a combination of both novel and innate cultural influences, as well as complementary professional backgrounds.

BUSINESS STRATEGIES

To Bring the Power of Creativity and Architectural Design to the Market

Central to the Company's strategies is the consistent emphasis on its own creative designs to deliver an unprecedented level of innovation performance, and cutting-edge aesthetic through its buildings. Currently, such attributes are seen as reserved for elite projects in the main cities of the Philippines. Through "Performance-Based" Design Strategy, the Company will deliver these qualities in its performance-based developments and make them available in highly prospective, yet thus far, underserved market segments.

Performance-Based Design Strategy, when deployed together with the multi-awarded architectural skill of Arch. Romolo Nati and IDC's design team, results in direct benefits to the project's end-users such as quality of experience and day-to-day savings, among others.

In the Philippines, for example, a major goal is to decrease excess reliance on power and water, and to maintain cool interior temperatures. As such, IDC buildings are designed to perform in these respects, by optimizing shading, encouraging airflow, among other things, in order to reduce the end-users' costs spent on energy for air-conditioning and other forms of consumption.

Further, Performance Based Design is also used to mitigate construction costs. By reversing the market's expectations and assumptions by bringing superior design at the appropriate price, the Company was able to penetrate this underserved market and turn out successful developments in previously untapped areas.

To Choose Locations in their Early Growth Phases and Ride New Property Booms Within the Philippines

A key philosophy of the Company's growth plans is to carefully choose project locations in order to gain exposure to the highly prospective growth rates of secondary or tertiary cities. These hyper-prospective nodes of growth are chosen for being strategically significant or particularly vibrant or promising demographically. It is not the Company's strategy to locate projects in already well-developed communities. Rather than compete with existing developers in already well-served areas, the Company seeks target cities with significant growth prospects and demographically suitable areas. Within the target communities, the Company also chooses locations that are safer and more secure from natural calamities and geo-hazards (such as less flood-prone areas) and designs structures with emphasis on safety from major calamities.

To Increase Leasable Floor Space in Order to Bring Steady Revenue to the Company

The Company has thus far had a favorable experience with operating rental properties in its first project, Primavera Residences, as a developer-landlord. It intends to build on this initial success by continuing to develop, and retain more commercial and residential leasable units in subsequent developments. By doing so, the Company expects to generate an ancillary source of income in the leasing and management of these properties.

COMPLETED AND ONGOING PROJECTS

Completed and On-going Projects of IDC				
	Primavera Residences	**Primavera City**		**Miramonti**
No. of Towers	2 Towers	Phase 1: 2 Towers	Phase 2: 2 Towers	Phase 1:1 Tower
No. of Floors	10 floors	12 floors	12 floors	21 floors
No. of Units/ Residential	298 units	291 units	291 units	352 units
No. of Units/ Commercial	28 units	50 units	57 units	12 units
Approx. Gross Building Area	19,961 sq.m.	18,489 sq.m.	21,063 sq.m.	20,593 sq.m.
Net Sellable Floor Area	11,957 sq.m.	13,143 sq.m.	13,146 sq.m.	12,270 sq.m.
Total No. of Units (including parking)	380 units	404 units	423 units	406 units
Stage	COMPLETED	COMPLETED	CONSTRUCTION ON-GOING	CONSTRUCTION ON-GOING

Primavera Residences

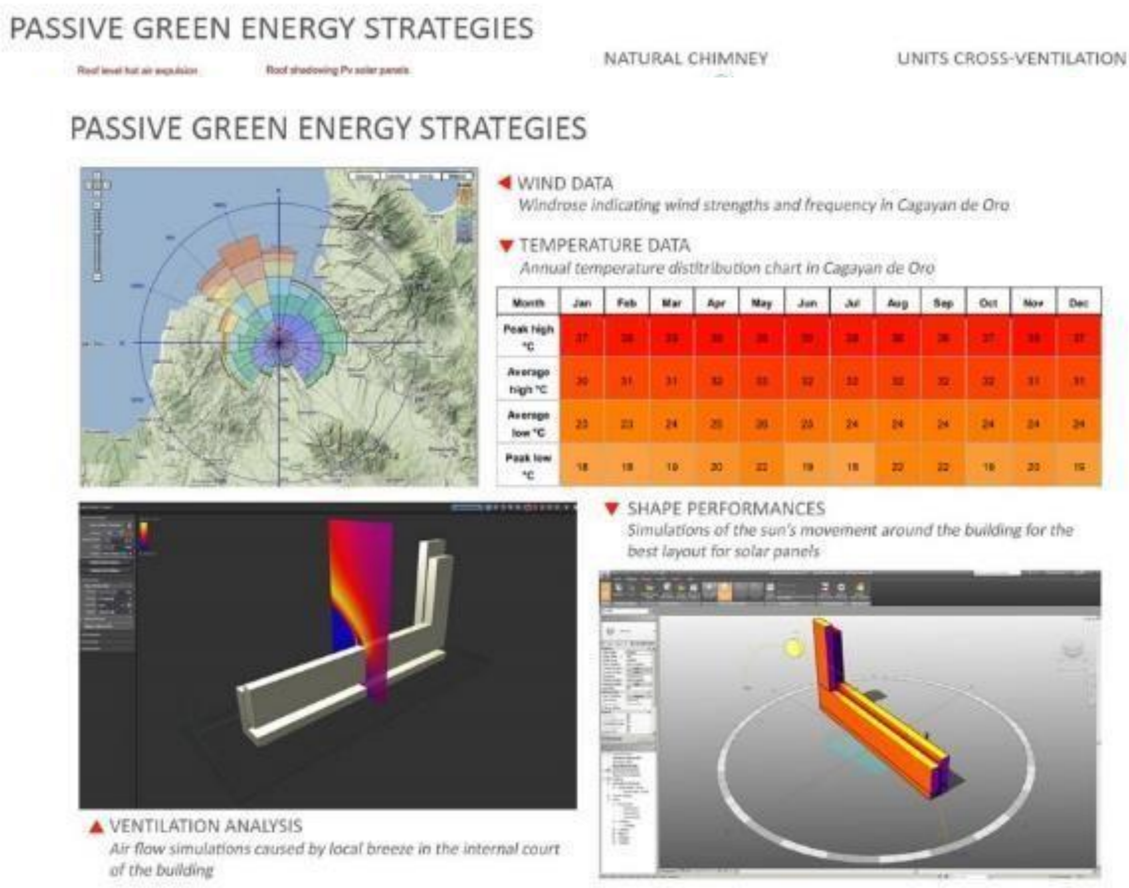
IDC's debut project, Primavera Residences, commenced construction in June 2010. The complex consists of twin mid-rise mixed-use green buildings, the first of which was completed in August, 2012. The second tower was completed in December, 2015 and turned over to buyers.

Primavera Residences is located in Pueblo de Oro Township, a world-class master-planned community in flood-free uptown Cagayan de Oro City. Primavera Residences is adjacent to SM City CDO, schools, offices, churches, and a golf course. It is situated inside the Pueblo de Oro Business Park, an export zone registered with the Philippine Export Zone Authority (PEZA). The Company was able to establish itself here as the “first-mover” in introducing condominium living in Cagayan de Oro City.

Primavera Residences has already been recognized for the buildings’ unique design architecture, environmentally friendly features, and the quality of its development. In 2016, the Company was awarded the Leadership in Sustainability Design Award by the Philippine Green Building Council for its pioneering Primavera Residences project in Uptown Cagayan de Oro. In May 2014, it won the Best Mixed-Use Development in the Philippines Award given by the International Property Awards in Kuala Lumpur. It was also highly commended as one of the Best Condo Developments in the Philippines at the 2011 Southeast Asia Property Awards (SEAPA) held in Singapore in November 2011, and was awarded a Recognition Certificate as a finalist and one of the “most promising clean energy investment opportunities” during the Climate Technology Initiative Private Financing Advisory Network (CTI PFAN) Philippine Clean Energy Investment Forum in Manila on June 21, 2010.

Arch. Nati inspires, conceptualizes, and directs the Company’s designs, including its performance-based design solutions and systems, as well as its unique visual aesthetic. The approval of final architectural plans, as well as any other steps as may be required, is done by duly licensed and accredited Filipino architects.

Primavera Residences is a twin-tower project consisting of Building A, with ten (10) floors and Building B, with ten (10) floors plus mezzanine. The total floor area of both buildings is 19,961 square meters. In Building A, the ground floor is for commercial while the second floor is for office spaces and the multipurpose hall to serve the community. Amenities such as the gym, pool, and green courtyard are at the third floor. Residential units are located from the third floor to the tenth floor. In Building B, the Ground floor is for commercial use, with parking available (to serve both buildings) at the mezzanine and second floors.



Residential units are located from the third to the tenth floor, with an open-air playground and socials space found at the third floor. The shared rooftop spanning both buildings feature drying cages for the convenience of residents, and will soon showcase a solar panel installation to supply a portion of the energy needs of the building's common areas. In addition, the buildings are equipped with entrance lobbies, two elevators each, CCTV security cameras, and provision for cable television, landlines, and internet access. The building showcases green features to both save and generate energy. Façades are shaded by cantilevered ledges that protect windows from direct contact with the sun's rays during the hottest times of the day. The dimensions and placement of these ledges are optimized by the use of parametric design software, taking into account the exact path traveled by the sun through the sky, each day throughout the year, at the building site's precise latitude on the earth.

The building is also designed to decrease indoor temperature by increasing natural ventilation. This is achieved through green strategies including an inner courtyard that functions as a natural chimney, drawing warmer air upward from the 3rd floor through the top of the building, which, in turn, creates natural suction of cooler air laterally inward from the building's exterior. The design of individual units also channels this movement of air to significantly enhance cross-ventilation in each household.

The precise management of shading features allows larger window designs without raising temperature. Together with the open inner courtyard, this optimizes natural lighting throughout units and common areas without the heating effects of unmitigated sunlight, resulting in further energy savings.

The two buildings have an aggregate of two hundred ninety-eight (298) residential units, twenty-eight (28) commercial units and fifty-four (54) parking slots.

As of June 30, 2024, units available for sale of this project is almost fully sold.

Primavera City


Photo: Primavera City Architectural Rendering

Also located near SM City CDO in the Pueblo de Oro Business Park, Primavera City is designed as a seven-building cluster and is planned to be constructed in four (4) phases as follows: Phase 1 to consist of the first and second buildings on the first two contiguous lots; Phase 2 to consist of the third and fourth buildings on the next two contiguous lots; Phase 3 to consist of the fifth and sixth buildings on the next two contiguous lots; and Phase 4 to consist of a single high-rise building on the last (seventh) of the contiguous lots. The construction of Phase 1 commenced in 4Q 2016 and was fully completed.

The area's only real estate project comprised of seven mixed-use residential and commercial buildings with passive and active green features and utilizing a massive solar panel array at the building's rooftop, Primavera City bested over 100 other clean energy projects across Asia in real estate competitions.
In 2017, the Company once again received the citation in the Best Mixed-Use Development category at the International Property Awards Asia Pacific for Primavera City. The project has also been awarded by the Climate Technology Initiative Private Financing Advisory Network (CTI PFAN), whose funding partners include the Asian Development Bank (ADB) and the United States Agency for International Development (USAID), as among the top ten "Most Promising Clean Energy Investment Opportunities" projects in a competition held in Singapore on February 22, 2013.

This twelve-storey mixed-use development is designed to have one (1) floor of ground parking, one (1) floor of basement parking, one (1) floor commercial, two (2) floor offices, eight (8) floors of residential space, and a roof deck featuring amenities like a pool, a gym, a multipurpose function hall, and a roof garden. Each building is planned to feature an array of photovoltaic panels that will generate energy for the building's consumption. In addition, passive green features of the building's design will significantly reduce the energy required for air- conditioning.

The second phase of the Primavera City project commenced in 4Q 2019 and is expected to be completed by 3Q 2024. Primavera City phase 2 project is a mixed-use project consisting of 12 floors with 291 residential units located from the 4th floor to 11th floor. The third and fourth phase, high-rise mixed condominiums, are slated for development in 4Q 2024 or sooner depending on the sales take up of the projects.

The seven (7) lots of Primavera City Phase 1 to Phase 4, comprised of a total area of 6,558 sq.m have been fully paid with the titles to Phases 1 and 2 registered under the Company's name, while the titles to Phases 3 and 4 are in the process of being registered in the Company's name.

Miramonti Green Residences

The land for the two-phase Miramonti project is a 7,404 square meter prime property located at Millenium Drive, Light Industry Science Park III, San Rafael, Municipality of Sto. Tomas, Province of Batangas, Philippines. The land identified as Lot 1-A-3 allocated for Miramonti – Phase 1 comprising of 2,057 square meters has been purchased by IDC. The title bearing TCT No. 056-2017001498 has been transferred in favor of the company by Register of Deeds, Tanauan on March 23, 2017.

Photo: Miramonti Green Residences Architectural Rendering

Miramonti Green Residences, has recently won the prestigious Asia Property Awards 2019- 2020 by The International Property Awards in the category of Best Mixed-use Development within the Asia-Pacific Region. The project was also awarded Best Innovation Project of the year by Lamudi-Outlook Property Award 2018, organized by the top Philippine real estate portal, Lamudi.

Miramonti Phase 1 commenced construction on December 2018 and is slated to be completed on 2024. The mixed-use building is comprised of 21 floors, with the ground floor allotted for commercial spaces, mezzanine floor for convention halls and office spaces, the second and third floors for parking, the fourth floor is devoted for the amenities such as swimming floor, gym, jogging path and garden and a multi-purpose room. The residential units start at the 5th floor up to the 20th floor. The roof top will have the terrace and the solar panel.

The second commercial/residential lot with an area of 5,347 square meters identified as Lot 1 of Block 3A will be the site of the prospective Miramonti Phase 2. The company has terminated its Joint Venture Agreement with the owner, Lanvin Natural Resources, Inc., and has bought the property outright. The development of Miramonti Phase 2 has been assigned to IDC Prime, which has entered into a Serviced Residences Management Agreement with Scotts Philippines, Inc., the Philippine subsidiary of Ascott Limited. Once completed, Miramonti Phase 2 will be operated under the Citadines brand.

Based on in depth assessments of the Company, the best use for this property is deemed to be a mixed-use development. This involves the construction and development of state-of-the- art “eco-logic” mixed-use apartments with more than 19,276 sq.m. of gross buildable area. The master plan development is envisioned as a “green” community of three (3) mixed-use buildings consisting of 21 floors each with commercial, office, retail and residential components.

Verona Green Apartments

The Project, which is a joint venture with a prominent family in Cagayan de Oro, is to be built on 11,327 square meters of land located at Barangay Upper Carmen, Cagayan de Oro City. It is a Green Walkup development consisting of 15 mixed-use buildings of four stories for Phase I, and 4 residential buildings of four stories for Phase II. Phase I’s ground floor is allocated for commercial use, with the succeeding 3 floors allocated for residential use, having a total number of 30 commercial units and 270 residential units, averaging 24.26 sqm per residential unit. Phase II has 4 residential floors comprising 384 residential units with an average of 21 sqm per unit. There are 104 Parking Slots allotted for Phase I and 53 Parking Slots for Phase II.

FUTURE PROSPECTS

In addition to the immediate pipeline of projects, the Company continues to pursue wide ranging analysis and field observations in order to identify additional locales in the Philippines that are consistent with its existing portfolio of hyper-prospective growth nodules in under- valued secondary and tertiary cities. Through a combination of qualitative and quantitative market studies, the Company has identified additional target acquisitions located in have identified potential areas for its future developments in Southern Luzon & Visayas.

COMPETITION

While the Philippine Real Estate Industry is dominated by several major players such as Ayala Land, SM Prime, Mega World, Vista Land, Century Properties and Filinvest focusing developments within the Greater Metro Manila areas and mega cities, IDC continues to focus its development by establishing and expanding in secondary cities with dynamic economic growth potential.

Batangas as the Fastest Growing Economy in CALABARZON in 2021 and with Sto Tomas being a newly declared city in 2019, IDC's Miramonti Green Residences located in Sto. Tomas, Batangas is the first and only vertical development in the city. As such, being the first mover and the only sole towering structure, which can be seen alongside the majestic Mt. Makiling.

Figure 1Miramonti Green Residence in Sto. Tomas, Batangas

For Cagayan de Oro, condominiums were not that popular in Northern Mindanao until IDC initiated the construction of Primavera Residences in 2010, setting the trend for increased condominium construction in Cagayan De Oro city.

Currently, Cagayan de Oro City marketplace is flocked by both national players such as Ayala Land, Vista Land, SM Prime and Filinvest as well as VisMin developers such as Cebu Land Masters and Johndorf Ventures Corp.

Amidst competition, IDC continues to dominate the marketplace through a combination of first mover advantage, location advantage point and unique value proposition anchoring on long time relations with its valued clienteles.

IDC is the first developer in Cagayan de Oro to establish in Uptown Cagayan de Oro in 2010, thereby reaping the benefits of Uptown CDO's growth potential.

IDCs maiden and current projects, Primavera Residences and Primavera City, as well as its incoming development Verona Green Residences are all located within the West Uptown area of Cagayan de Oro which is characterized by higher elevation, and therefore flood-proof terrain. It also offers cleaner, cooler, less polluted, and more spacious environments with less congestion in contrast to downtown Cagayan de Oro.

The West Uptown of Cagayan de Oro is an urban expansion area identified and defined by the updated comprehensive development plan 2022-2025 for Cagayan de Oro City as consisting of Barangays Carmen, Canitoan, Lumbia and Pagatpat. The area is envisioned to be a medium to high-density, mixed-use pedestrian friendly center with high end, low-density type of development for residential and commercial uses. This area will decongest the present major urban center/city core and shall provide more opportunities for socio-economic activities. The Lumbia Airport is recommended to be converted into an industrial area or economic zone and become a major employment provider.[1] Uptown is also considered by many to be a safer and more secure alternative and has been host to promising development in recent years.

Among the West Uptown Development Area proposed developments[2] are:

- Development Master and Urban Design Plan
- Road Network Development
- Establishment of green belts, parks, open spaces, tree parks
- Tree strips along major thoroughfares, main roads of subdivisions
- Main drain from old airport to Calaanan Creek
- Wastewater treatment for STPs
- Retention basins
- Rain-harvesting for commercial and residential buildings
- Retirement community
- Provision of multi-purpose and socio-economic centers (reading centers, parks, etc.)

[1] Updated Comprehensive Development Plan 2020 – 2025. CAGAYAN DE ORO CITY.

[2] Comprehensive Land Use Plan 2019-2027. CAGAYAN DE ORO CITY.

In addition, the West-Uptown Development Area is also the location for the Planned City Expansion Program (PCEP) which is placed to be a growth node to decongest the urban center of Cagayan de Oro. Included in the PCEP is the 820-hectare area in Barangay Lumbia which is part of the West Uptown Urban Expansion Area[3]. Lumbia Airport, owned by the national government through the Civil Aviation Authority of the Philippines (CAAP), is also the relocation site of the PAF's 15th Strike Wing[4].

Other development in the area also includes enhancement on the Iligan-Cagayan-Butuan Road (ICBR), which is the only national highway that cuts across the city from east to west (and vice versa), linking with the CdO-Lumbia-Bukidnon highway which currently services a rapidly growing West-Uptown Development Area. Currently, the city government of Cagayan de Oro sees the need to design and build major access highways to complement the ICBR[5].

Existing and on-going condominium projects in Cagayan de Oro are as follows:

Project	Developer	Location	Status
Primavera Residences Tower A	IDC	Uptown CDO	Ready for Occupancy since 2013
Primavera Residences Tower B	IDC	Uptown CDO	Ready for Occupancy since 2015
Primavera City	IDC	Uptown CDO	
MesaVerte Residences	Cebu Land Master	Downtown CDO	Ready for Occupancy since 2020
Granvia Suites	Johndorf	Uptown CDO	Ready for Occupancy since 2013
Smart Condominium	Yega Development Corporation	Uptown CDO	Construction Stage
D' Residential Loft	Abarqgold	Uptown CDO	Construction Stage
Veil Residences	SMDC	Uptown CDO	Construction Stage
Manresa Town	Cebu Land Master	Uptown CDO	Pre-selling
Zircon Alexandrite Columns	Abrown	Uptown CDO	Pre-selling
The Midtown Towers	Vista Estates / Camella Homes	Uptown CDO	Pre-selling
Casa Mira Towers	Cebu Land Master	Downtown CDO	Construction Stage
Intalio Flats Primea CDO	Intalio Estates	Downtown CDO	Pre-selling
One Oasis (Building 1-3)	Filinvest	Downtown CDO	Ready for Occupancy since 2016

3 Updated Comprehensive Development Plan 2017 – 2019. CDO

4 https://www.sunstar.com.ph/article/123969

5 Ibid

One Oasis (Building 4)	Filinvest	Downtown CDO	Pre-selling
The Loop	Vista Land	Downtown CDO	Ready for Occupancy since 2021
Centrio Towers	Ayala Land	Downtown CDO	Ready for Occupancy since 2015
Avida Tower	Ayala Land	Downtown CDO	Ready for Occupancy since 2020
Aspira Tower	Ayala Land	Downtown CDO	Ready for Occupancy since 2018
MesaVerte Residences	Cebu Land Master	Downtown CDO	Ready for Occupancy since 2018

The table below further provides the relevant details as regards to the available units and number of floors of these condominium buildings and market positioning. Abrown Corporation's The Metropolis (Zircon) is positioned for the high to luxury end market, while the middle- and upper-income market segments are the target markets by Intalio Flats Primea and Avida Towers.

IDC's Primavera City project is positioned to capture both the middle to upper income market segment. When compared with Abrown Corporation's The Metropolis (Zircon) which is also located in Uptown Cagayan de Oro, IDC's Primavera City has more leverage in terms of proximity with locators such as SM Mall, Xavier University and Xavier Highschool.

Project	Developer	No. of Bldgs.	No. of Floors	No. of Units
Primavera Residences Tower A	IDC	1	10	161
Primavera Residences Tower B	IDC	1	10	219
Granvia Suites	Johndorf	1	7	82
Smart Condominium	Yega Development Corp.	1	6	No data
D' Residential Loft	Abarqgold Corporation	1	8	
Vail Residences	SMDC	14	4	No data
Manresa	Cebu Land Master	No data	No data	No data
The Uptown Metropolis (Zircon)	Abrown	5	14	330 13 & 14th non selling
The Midtown	Vista Estates	2	12	
Casa Mira Towers	Cebu Land Master	2	Tower 1 – 23 Tower 2- 27	
Intalio Flats Primea CDO	Intalio Estates	4	10	Tower A- 306 Tower B – 306 Tower C –No data

				Tower D- No data
Tuscania Tower	Milares Estate Corp	3	8	
One Oasis (Building 4)	Filinvest	5	7	
One Oasis (Building 1-3)	FLI	6	7	130
The Loop	VLL	1	25	500
Centrio Towers	ALI	1	23	522
Avida Tower	ALI	1	31	No data
Aspira Tower	ALI	1	27	636
MesaVerte Residence	Cebu Land Master	3	15	255

Project	**Developer**	**Location**	**Market Positioning**
Primavera Residences Tower A	IDC	Uptown CDO	Middle to High Income Bracket
Primavera Residences Tower B	IDC	Uptown CDO	Middle to High Income Bracket
Granvia Suites	Johndorf	Uptown CDO	Middle Income
Smart Condominium	Yega Development Corp.	Uptown CDO	Middle-High Income
D' Residential Loft	Abarqgold Corporation	Uptown CDO	Middle-High Income
Veil Residences	SMDC	Uptown CDO	Middle-High Income
Manresa Town	Cebu Land Master	Uptown CDO	Middle-High Income
The Uptown Metropolis	Abrown	Uptown CDO	Middle-High Income
The Midtown	Vista Estates	Uptown CDO	Middle-High Income
Casa Mira Towers	Cebu Land Master	Downtown CDO	Middle-High Income
Intalio Flats Primea CDO	Weecom Developer	Downtown CDO	Middle-High Income
Tuscania Tower	Milares Estate Corp	Downtown CDO	Middle-High Income
One Oasis (Building 4)	FLI	Downtown CDO	Middle-High Income
One Oasis (Building 1-3)	FLI	Downtown CDO	Middle-High Income
The Loop	VLL	Downtown CDO	Middle-High Income
Centrio Towers	ALI	Downtown CDO	Middle-High Income
Avida Tower	ALI	Downtown CDO	Middle-High Income
Aspira Tower	ALI	Downtown CDO	Middle-High Income
MesaVerte Residences	Cebu Land Master	Downtown CDO	Middle-High Income

In terms of the sizes of the condominium units in the market, the smallest area is 18 sqm (the Vail Residences) with the biggest cut at 60 sqm for 2-bedroom unit offered by Ayala Land and Vista Land. On the other hand, IDC has the biggest cut of 2-bedroom unit at 96sqm. In addition, IDC's 26 sqm studio unit has been as staple market choice.

Project	Developer	Average Area (SQM)				
		Studio	1BR	2BR	Office	Commercial
Primavera Residences Tower A	IDC	22.00	31.00	47.00	84.00	32.00
Primavera Residences Tower B	IDC	22.00	31.00	47.00	52.00	56.00
Primavera City	IDC	26	48	96	40	137
Granvia Suites	Johndorf	23.25	35.90	46.50	No Data	No Data
Smart Condominium	Yega Development Corporation	25.20	34.20	63.60	No Data	No Data
D' Residential Loft	Abarqgold Corporation	w/out loft – 30.00 With loft – 40.00	w/out loft -41.00 With loft – 59.00	No Data	No Data	53.00
Vail Residences	SMDC	Studio – 18 Studio End Unit – 23.51	24.41	No Data	No Data	No Data
Manresa Town	Cebu Land Master	No Data	No Data	No Data	No Data	No Data
Zircon Alexandrite Columns	Abrown	Studio A – 26.80 Studio B – 26.86	BR A – 46.75 BR B – 48.05 BR C – 42.45	No Data	No Data	No Data
The Midtown	Vista Estates	No Data	33.96	43.86	No Data	No Data
Casa Mira Towers	Cebu Land Master	20.00-27.00	28-36	No Data	No Data	No Data
Intalio Flats Primea CDO	Weecom Developer	22.00	1 BR STUDIO – 22 1 BR COMBINED – 44	No Data	No Data	No Data
Tuscania Tower	Milares Estate Corp	22.42	36.47	55.72		
One Oasis (Building 4)	FLI	No Data	No Data	No Data	No Data	No Data
One Oasis	Filinvest	22.06	28.42	31.73	No Data	No Data
The Loop	Vista Land	20.00	31.91	50.93	No Data	No Data
Centrio Towers	Ayala Land	23.00	37.00	58.00	No Data	No Data
Avida Tower	Ayala Land	23.00	40.00	63.00	No Data	No Data

Aspira Tower	Ayala Land	23.00	40.00	63.00	No Data	No Data
MesaVerte Residences	Cebu Land Master	20.00-27.00	28-36	No 2 BR	No Data	No Data

In terms of pricing, Primavera City is very competitive based on the average selling price per sqm. Lowest price is Smart Condominium by Yega Development Corporation. IDC's Primavera City's advantage over Smart condominium is on its high-end amenities

Project	**Developer**	**Average Price in Millions (PHP)**				
		Studio	**1BR**	**2BR**	**Office**	**Commercial**
Primavera Residences Tower A	IDC	1.20	2.00	3.50	1.90	3.50
Primavera Residences Tower B	IDC	1.40	2.00	3.50		5.50
Primavera City	IDC	4.3	6	15	6	8
Granvia Suites	Johndorf	1.50	2.30	No Data	No Data	No Data
Smart Condominium	Yega Development Corporation	1.40	2.10	2.60	No Data	No Data
One Oasis	Filinvest	1.40	2.20	3.00	No Data	No Data
The Loop	Vista Land	1.80	2.70	5.30	No Data	No Data
D' Residential Loft	Abarqgold	w/out loft – 2.8 With loft – 3.9	w/out loft -3.8 With loft – 6.0	No Data	No Data	7.1
Vail Residences	SMDC	Studio – 2.5 Studio End Unit – 2.9	3.1	No Data	No Data	No Data
Manresa Town	Cebu Land Master	No Data	No Data	No Data	No Data	No Data
The Metropolis	Abrown	Studio A – 3.2 Studio B –	BR A – BR B – 6.1 BR C –	No Data	No Data	No Data
The Midtown	Vista Estates	No Data	5.9	7.7	No Data	No Data
Casa Mira Towers	Cebu Land Master	2.7	5	7	No Data	No Data
Intalio Flats Primea CDO	Weecom Developers	1 BR Studio-2.37 1 BR Combined -4.697	1 BR Studio-2.37 1 BR Combined -4.697	No Data	No Data	No Data
Tuscania Tower	Milares Estate Corp	2.4	4.9	7.5	No Data	No Data

One Oasis (Building 4)	FLI	No Data	No Data	No Data	No Data	No Data
Centrio Towers	Ayala Land	1.80	3.00	5.00	No Data	No Data
Avida Tower	Ayala Land	1.90	2.40	3.50	No Data	No Data
Aspira Tower	Ayala Land	3.1	5.5	7.3	No Data	No Data
MesaVerte Residences	Cebu Land Master	2.9	5.4	No Data	7	No Data

DISTRIBUTION METHODS OF THE PRODUCTS OR SERVICES

The Company uses various channels to distribute its products, including a sales office in Cagayan de Oro at the location of its pilot project, Primavera Residences as well as its sales office in Sto. Tomas, Batangas at the location of its Miramonti project. The Company is currently expanding its network of real estate brokerage agencies, brokers, and agents in the Philippines as well as abroad. Online marketing is also done through its website, which is handled by an online sales person. The Company also does business to business presentations for corporate accounts.

PRINCIPAL SUPPLIERS

Following is a table summarizing the Company's principal suppliers and the products and services supplied to Italpinas Development Corporation as of the date of June 30, 2024.

NAME OF CONTRACTOR	ADDRESS	SCOPE OF WORK	PROJECT
A.V. Pamatong Trading & Construction Corp.	National Highway, Baloy, Cagayan de Oro City	• Structural and Architectural Works	Primavera Residences Tower A
FDPY Pipe Specialist Co.	Chino Roces Ave, Makati, 1233 Metro Manila	• Sanitary and Plumbing Works and Fire Protection Works for Primavera Residences Tower 2	Primavera Residences Tower B
Huejack Construction	100 Igaran St., Lower Jasaan Misamis Oriental	• Structural and Architectural Works • Masonry and Fit-out Works • STP Rectification • Elevator Rectification	Primavera City II
2G Konstrakt Inc	Unit 308 Ortigas Royale Condominium Brgy., San Juan Cainta, Rizal	• Electrical and Auxiliary Works • Mechanical, Plumbing, & Fire Protection	

C.A. Ordinanza Inc.	Governor Drive, Ulong Tubig, Brgy. Mabuhay, Carmona, Cavite	• Supply & Installation Windows for Residential Units	Miramonti I
Fortress Philippines Corp	2280 Marconi, Makati, 1234 Metro Manila	• Installation of Precast Panels	
D. L. Cervantes Construction Corporation	Gen. Malvar St., Brgy. Tubigan, Binan City, Laguna	• Structural works and Fit-out Works	
Steelasia Manufacturing Corporation	2F B2 Bonifacio High Street Fort Bonifacio Global City, Taguig	• Purchase of Reinforcing Bar	
Monte One Construction	2nd Floor Mezzanine Ortigas Royale Condominium, Ortigas Ave. Ext. Cainta, Rizal	• Masonry Works	
WQM Construction and Development Company Miramonti I	B17 L37 Villa Carolina Subd. Dela Paz, Antipolo City	• Supply & Installation of Balcony Railings • Supply & Installation of Fire Exit Railings and Stair Nosing • Labor and Consumables for Steel Works Photovoltaic and Podium	
KPI Elevators, Inc.	25 Floor BDO Equitable Tower 8751 Paseo De Roxas, 1213 Makati City	• Supply and Installation of Conveying System	
Acquaproof Contracting Specialist Inc.	Unit 203 JBD Plaza Mindanao Ave., Quezon City	• Supply and Installation of Waterproofing Works	
Geamstech Electro Mechanical Services	182 P. Santos St., Isabelita, San Juan City	• Design and Build of STP Works	

Lordbuild & Enterprises Construction	Lot 6 Block 5, Woodland Park Residences, Kamagong, Yati, Liloan, Cebu	• Structural and Architectural Works	Primavera City I Tower B
Eurovek Inc.	5th Floor B & P Building 843 A, Arnaiz Avenue, Legaspi Village, Makati City	• Supply of labor, materials, tools & supervision for Mechanical, Plumbing/Sanitary & Fire Protection (MPF) works	
Huejack Construction	100 Igaran St., Lower Jasaan Misamis Oriental	• Structural and Architectural Works • Masonry and Fit-out Works • STP Rectification • Elevator Rectification	Primavera City II
WQM Construction and Development Company	B17 L37 Villa Carolina Subd. Dela Paz, Antipolo City	• Supply & Installation of Photovoltaic Works	
2G Konstrakt Inc	Unit 308 Ortigas Royale Condominium Brgy., San Juan Cainta, Rizal	• Electrical and Auxiliary Works, Supply of labor, materials, tools & supervision for Mechanical, Plumbing/Sanitary & Fire Protection (MPF) works	
Fortress Philippines Corp	2280 Marconi, Makati, 1234 Metro Manila	• Installation of Precast Panels	
A and Three F Glass and Aluminum Services	Blk-5, Lot-10 Deca Homes Sitio Awa, Brgy. Catalunan Grande, Talomo Dist., Davao City	• Supply And Installation of Glass Windows	
KPI Elevators, Inc.	25 Floor BDO Equitable Tower 8751 Paseo De Roxas, 1213 Makati City	• Supply and Installation of Conveying System	
Acquaproof Contracting Specialist Inc.	Unit 203 JBD Plaza Mindanao Ave., Quezon City	• Waterproofing Works	
Geamstech Electro Mechanical Services	182 P. Santos St., Isabelita, San Juan City	• Design and Build of STP Works	

Dependence on a few customers or a single customer

The Company being in the real estate industry is not dependent on a single or few customers; rather the Company has a broad customer base – from local to foreign nationals. In addition, no single customer accounts for twenty percent (20%) or more of the Company's sales.

Sales and Marketing

The Company has put in place innovative marketing campaigns, such as sales rallies, road shows, participation in various local and international trade shows, online marketing, tri-media, and maximizing the use of both traditional and non-traditional advanced marketing approaches such as on-line marketing to generate increased leads and to close sales.

The Company provides specialized in-house training programs and issues lucrative incentive programs for its focused sellers. IDC has established its own in-house sales team and a network of external licensed brokers and real estate agents directly accredited and trained by the Company in CDO. This will also be replicated and enhanced for the Miramonti project in Sto. Tomas, Batangas.

IDC continuously updates its marketing programs to keep pace with the fast-changing developments in the real estate industry. Its pricing structure is designed to be affordable with flexible payment terms to suit the profile of middle-income target market while still protecting the Company's income margin.

The key element of the Company's strategy is to market its properties as a sound, stable, and productive investment among its target market segment (entrepreneurs, OFWs, professionals, and corporate accounts) that will directly generate the sales of the units. As an investment portfolio, the owners enroll their units to IDC's affiliated property management company, which can lease out the purchased units to prospective renters, maintain their units and the investment will be self-liquidating in nature. This strategy will create a big leverage in its corporate account relationships to open the door, and use the Company's marketing expertise to build a compelling program. This will also allow the Company's sales teams (agents and brokers) to be much more efficient in prospecting, improving their "hit ratio" on each sales visit.

IDC goes beyond the traditional marketing and selling approach (brokerage, marketing collaterals, public relations, and events) by going for digital selling and marketing (use of social media tools) to develop a well-built networking program that will create a solid strategic fit in the market.

The Company's marketing strategies anchor on the following guiding tenets:

Positioning IDC projects as an attractive and safe investment

(a) The residential units are marketed as primary or secondary residences of prospective buyers for their personal use, or for investment purposes.
(b) The units are marketed as an investment. Purchased units may be leased out under a "condotel" or serviced apartment concept to be managed by IDC's professional and experienced property management group.
(c) IDC projects are "green" buildings. The projects of the Company have a positive impact on the environment and which will allow residents to have as much as 32% energy savings.

Positioning IDC projects for "value for money"

(a) Flexible and affordable payment schemes.
(b) Competitive prices relative to other developers in the area of the Company's projects.
(c) Low pre-selling price (with zero interest on down-payment).

Positioning its Strategic Location

(a) IDC projects are highly accessible to commercial areas and are near schools, offices, churches and golf course. In the case of its Primavera City, the site is situated inside the Pueblo de Oro Business Park, an export zone registered with the Philippine Export Zone Authority (PEZA). For its Miramonti project, it is located within the Light and Industry Science Park.
(b) Both Primavera City and Miramonti projects capitalize on their prime location with an excellent urban planning and offers a majestic view of the mountains and natural surroundings.
(c) Flood-free location and practically safe with a higher natural elevation.
(d) Developed infrastructure, communications and utilities.

Positioning its International and Local Recognition and Awards

(a) Trusted name in the industry as IDC projects had already been recognized for the buildings' unique design architecture.

(b) Primavera City was recently recognized by the Asia Pacific Property Awards as the Best Mixed –Use Development in the Philippines in May 2017

Marketing Support and Promotions

IDC marketing support goes beyond traditional marketing approaches (tie-ups with brokerage, marketing collaterals such as brochure/flyers, multi-media advertisements and conduct of public relations and events) to digital marketing (use of social media tools) and beyond.

Below are the various marketing support mechanisms that the Company utilizes and continues to improve on:

(a) Use of Digital Marketing
Website: https://italpinas.com/
https://primaveracity.italpinas.com/
https://www.miramontigreenresidences.com/

Social Media:
Instagram: https://www.instagram.com/primaveracity/
https://www.instagram.com/italpinas/
Facebook page: https://www.facebook.com/primaveracity
https://www.facebook.com/officialIDC

Facebook Messenger Group chats for all realties

Twitter account: https://twitter.com/CityPrimavera
https://twitter.com/Italpinas

YouTube:https://www.youtube.com/@italpinasdevelopmentcorpor9185
LinkedIn:https://www.linkedin.com/company/italpinas-development-corporation-official-page
Online Listings: IDC has forged tie-ups with several online property listings such as Agoda, expedia, booking.com, 27romis.com, MyProperty.ph, and Lamudi to boost unit rentals

With the advent of post pandemic marketing and sales trends re-landscaping the real estate marketplace, IDC's marketing and sale strategies now focuses more on convergence and integration of physical and digitalization (Phygital strategy) to retain being the top-of-mind brand through aggressive product awareness campaign and corporate branding. Social media advertising remains to be one of IDC's key marketing tools, and combined with aggressive sales and marketing activities with partner agents, brokers and clients has proven to be the most effective strategy in producing dynamic sales production across all of IDC project. IDC's key is anchored on its strong and aggressive external broker's network such as the partnership with Filipino Homes and other local CDO based realty firms who are the driving workforce behind IDC Sales success.

(b) Use of Public Listings

i. Our news stories are published in major national and local newspapers.
ii. IDC was also invited by TV networks on several occasions to speak on building issues Examples are such as when: (1) IDC CEO and Executive Chairman Arch. Romolo Nati spoke on how to build earthquake-proof buildings, while (2) Atty. Jose D. Leviste III spoke on typhoon-resistant buildings for one of ANC's Future Perfect Design Against the Elements series.

(c) Conduct of Community Events

i. Periodic art exhibits
ii. Photography workshops
iii. Free screenings of sports events
iv. Participation in other noteworthy architecture, property development, environmental gatherings/events

(d) Creative Marketing and Branding

i. Primavera Residences Booth at SM City CDO
ii. Marketing collaterals
iii. Corporate Relations

CREDIT POLICY

As stated in the Contract to Sell, the buyer is required to issue post-dated checks to cover the down payment requirements and/or any unpaid portion of the Purchase Price. If the buyer intends to avail of bank financing, the buyer shall comply with all the requirements of the bank or financing institution. In the event that the loan application of the buyer is approved by the bank or financing institution, the buyer hereby authorizes the bank or financing institution to release directly to the Company whatever amount may be available from the approved loan of the buyer to pay the Purchase Price. In the event that the loan application approved for the buyer is less than the balance of the Purchase Price, the buyer shall pay the seller the amount corresponding to the difference within fifteen (15) days from written notice by the seller or such bank or financing institution's notice of disapproval, whichever comes later. Should the buyer's loan application be disapproved by the bank or financing institution, the balance in the schedule of payment shall be paid by the buyer within fifteen (15) days from written notice by IDC or such bank or financing institution's notice of disapproval, whichever comes later.

MODES OF PAYMENT OFFERED BY THE COMPANY

Below are the modes of payment being offered by the Company.

1. Reservation of Php10,000 – Php15,000 deductible from Total Contract Price ("TCP")
2. Spot cash – full payment of Total Contract price (TCP) on or before 30 days from Reservation date in order to enjoy 5% discount on TCP.
3. Deferred Payment – 18-24 months equal installment of TCP with 0% interest.
4. Bank Financing – 10% DP of TCP payable in equal installment within 24 mos. With PDC @ 0% interest. The balance of 90% is for Bank Financing.
5. Outright Bank Financing – full payment of 10%-20% Equity with 5% discount on equity and immediate application for Bank Financing on TCP balance.
6. In-House Financing – 30% DP payable in 24 equal monthly amortizations at 0% interest. Balance of 70% will be charged @ 14% interest p.a. payable in 5 years.

The company evaluates the creditworthiness of the buyer for deferred payment and in-house financing based on the 5 Cs of credit namely, Character, Capacity, Conditions, Capital and Collateral. The character of buyer is assessed based on his declarations regarding his/her criminal or civil case records. A buyer's capacity is assessed based on his/her income. IDC considers as desirable if the buyer has at least 40% of its gross income that is available to pay for the monthly amortization.

Condition refers to the status of a buyer's business or employment, that is, the buyers' nature of business and business condition if he/she is an entrepreneur or self-employed, or the buyer's nature of employment and employment status if he/she is employed. As regards to capital, the Company requires a buyer's proof of income such as last 3 years' income tax returns and audited financial statements for who derive income from businesses or those who are self-employed. If the buyer is employed, the Company will require his/her six months' pay slips or certificate of employment with indicated salary/other financial benefits.

Lastly, collateral pertains to the residential unit purchased. The title of the unit is only transferred once it has been fully paid for by the buyer. If the buyer defaults, IDC can cancel the contract to sell after due process. It will refund the buyer's amortizations as warranted and as stipulated by the Maceda Law.

The following events shall constitute an event of default under this Contract to Sell:

1. failure or delay of the customer to pay any amount due in this Contract to Sell, on the date or within the period specified for its payment, for any reason whatsoever;
2. failure or delay of the customer in the submission of the post-dated checks ("PDCs") required under this Contract to Sell; or the failure of the IDC to obtain and receive the actual receipt of the proceeds of any PDC due to insufficiency of funds, closure of account, refusal of the drawee bank to honor the check on the date of presentment for payment, or for any reason whatsoever, other than due to the willful act or gross negligence of the IDC;
3. cancellation by the customer of this Contract to Sell or withdrawal of the purchase of the Unit, for any reason whatsoever, other than due to the willful act or gross negligence of the IDC;

4. failure of the customer to comply with any covenant or obligation required to be performed or undertaken hereunder or to comply with any covenant or restriction under the Deed Restrictions; or

5. the concealment of any fact, or providing any information which is determined to be false or misleading in the Customer Information Sheet or the loan application or any supporting documents, or any of the documents signed, executed or delivered by the customer (including this Contract to Sell) on the basis of which the IDC shall have agreed to the sale of the Unit to the customer.

Upon the occurrence of any of the events specified above, the IDC shall be entitled to exercise or avail itself, at the IDC's option and sole discretion, of any, some or all of the following rights or remedies, whether cumulatively or alternatively, in conjunction with or separately, from any other right or remedy granted hereunder or under the law:

a. The IDC shall have the right to collect penalty interest at the rate of three percent (3%) per month (or a fraction thereof) of the unpaid amount, for every month (or a fraction thereof) of delay in remitting to the IDC the amount due. Such payment of penalty interest charges shall not be a substitute for and shall be in addition to the payment of the amounts otherwise due under this Contract to Sell and shall not prejudice the exercise by the IDC of any other right or remedy granted to it under this Contract to Sell.

b. The IDC shall be entitled to cancel this Contract to Sell without need of a court declaration to that effect, by giving the customer a written notice of cancellation sent to the address of the customer as specified herein, by registered mail or personal delivery. As a result of such cancellation, the IDC shall have the right to forfeit all amounts paid by the customer herein as liquidated damages.

The Company fully complies with RA 6652 (Maceda Law). From the first notice of collection for defaulting clients, it takes up to 90 days before the Notarial Cancellation notice is issued and sent to client, and another 30 days before the Contract to Sell is cancelled, thereby complying the grace period stipulated on Maceda Law. Below is the process in case of payment default conditions:

The Company has an Accounts Management Department which is in charge of handling the amortization payments of buyers. The team is responsible for the timely collection of payments, overseeing depositing of post-dated checks and the eventual remittance of payments to the Company's treasury group and undertaking remedial measures for delinquent accounts. This department is responsible for issuing demand letters, notices of check dishonor, notices of sales cancellation, should it be necessary, in cases of bounced checks, failure to pay monthly equity, and voluntary cancellations.

HANDLING OF AVAILABILITY AND TURN-OVER OF UNITS

Below is a detailed discussion and process flow on the Company's handling of availability and turn-over of unit:

Notice of Availability

- Once Buyer is qualified to receive/turn-over the unit (i.e. fully paid for spot cash/bank financed buyers and at least 30% of total contract price is collected from in-house deferred buyers and with the remaining balance deemed settled provisionally with a Promissory Note and complete Post Date Cheques.). Italpinas sends a Notice of Availability (NOA/CSD-003) within seven (7) days.
- The client is requested to visit and inspect the unit for Punchlist activity within 30 days from receipt of NOA. If the client is unable to visit and inspect the unit on the specified period, the Company shall deem it as the unit accepted as complete and turned-over in good condition.

Punchlist

- The unit owner inspects the unit for any defects.
- If there is, Italpinas rectifies the defects within 7 to 14 working days.
- Italpinas then calls back the client after rectification for client inspection and final punchlisting
- If no findings and the unit owner is fully satisfied of the deliverables, the unit owner signs the Acceptance of Punch List Works Forms (CSD-006) and / or signs and accept the Certificate of Acceptance form (CSD-007)

Turn-over Acceptance

- Once the unit is accepted, the Unit Owner is requested to sign and accept the Keys and Documents Turn-Over Acknowledgement Form (CSD-011). And the company then issues Notice of Authority to Move In (CSD-012) on oriented clients.
- The company then endorses the Unit Owner to the Property Management office which orients the Master Deed and Declaration of Restriction, Condominium Corporation Membership, House Rules and Construction Guideline. After which, the Property Management office then issues a Certificate of Orientation to the Unit Owner, of which the unit owner duly signs as participating party to attest the orientation.
- Unit owner/s pay the necessary fees for move-in (water meter deposit, membership dues, association dues, etc.) prior to any renovation works on unit.

Complaint Log & Assignment (1day)

Complaint is Received (call or email)	Customer Log is created and immediately gets Forwarded to Concerned Unit Head (i.e. sales, operations, legal or engineering)

Complaint Processing by concerned department (1day)

Minor (same day)	Technical (+1 day)	Major (+2 days)

Complaint Evaluation

Minor Sales or Operation Concerns (within the day)	Minor Finance Issues (resolved within 5 working days)	Minor Technical concerns (within 10days if repair or minor works need to be applied)	Documentation (within 5 days if redocumentation is required	Major Technical (within 15-30days if repair works are required)

Customer Care Evaluation

After complaint is addressed, a satisfaction of service survey is sent by the Customer Care Unit to client	Upon receipt of the survey, it is submitted to the Head of the Department and presented to the Management Committee for information and reference for policy and operating protocol review in relation to “commitment to excellence”.

NEED FOR GOVERNMENT APPROVAL OF PRINCIPAL PRODUCTS OR SERVICES AND EFFECT OF EXISTING OR PROBABLE GOVERNMENTAL REGULATIONS

TAX REFORM

In the Philippines, the government launched the 1st of its four (4) Tax Reform Package or the Tax Reform for Acceleration and Inclusion ("TRAIN") law which took effect starting January 1, 2018. In general, the said law aims to increase the take home pay of individual taxpayers by giving tax exemption on the first Php250,000 of their yearly income while imposing higher tax on certain products like oil, petroleum and fuel products, sweetened beverages, and automobiles among others.

On the other hand, even though the focus of the TRAIN law is on individual taxpayers, the passage of the TRAIN law still impacted those in the real estate business which includes the Company. Before the passage of the TRAIN law, the VAT threshold on house and lots and other properties deemed as residential dwellings (e.g., condominium units, etc.) is at PhP3,199,200. Now, with the passage of the TRAIN law, VAT exemption is only applicable for house and lot and other residential dwellings worth PhP2,500,00 and below. Beginning January 1, 2021, the VAT exemption shall only apply to sale of real properties not primarily held for sale to customers or held for lease in the ordinary course of trade or business; sale of real property utilized for socialized housing as defined by Republic Act (RA) No. 7279, as amended, and, sale of house and lot, and other residential dwellings with selling price of not more than Two Million Pesos (Php2,000,000.00), as adjusted to Php 3,199,200.00 in 2011 using the 2010 Consumer Price Index values: Provided, further, That every three (3) years thereafter, the amount stated herein shall be adjusted to its present value using the Consumer Price Index as published by the Philippine Statistics Authority (PSA).

After the onset of the Coronavirus Disease 2019 (COVID-19) pandemic, the government continues to ramp up its efforts to reduce financial distress brought by the public health crisis. As part of its response, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 8-2021 on June 12, 2021. RR 8-2021 seeks to amend RR 4-2021 which was initially issued to implement Value-Added Tax (VAT) and Percentage Taxes under Republic Act (RA) 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act. The implementing regulations adjusted the threshold to P3,199,200 based on the 2010 Consumer Price Index Values pursuant to RR 16-2012.

Additionally, the Documentary Stamp Taxes ("DST") on debt instruments increased from PhP1.00 to PhP1.50 per PhP200 or a fraction thereof. This increases the transaction cost of loan availment for the Company's projects as well as on the part of the unit buyers who are availing of deferred payment scheme, in-house financing, and bank financing.

Lastly, the Department of Finance (DOF) officially submitted its proposed amendment to House Bill 4157 or the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) bill (previously called Corporate Income Tax and Incentives Rationalization Act ("CITIRA")) last 22 May 2020. This is an enhanced version of the previously CITIRA bill which aims to aid the recovery of businesses negatively affected the Covid-19 pandemic and to attract investments that will benefit the public interest. Some highlights of the said bill are the immediate reduction of corporate income tax by 5% starting July 2020 and 1% subsequent reduction starting January 1, 2023 until January 1, 2027 dropping the corporate income tax to 20% by that time, extension of carry-forward losses (i.e., NOLCO) incurred in 2020 from 3yrs to 5yrs for non- large taxpayers, and flexibility in granting incentives.

Since some of the Company's projects are registered under the strategic investment priority plan with the Board of Investments and are still enjoying fiscal incentives, the Company would greatly benefit from the additional fiscal incentives that the said bill is introducing including reduced corporate income tax rate after expiration of income tax holiday and enhanced deductions (additional deductions) among others.
Apart from the discussion already included herein, the Company is not aware of any pending legislation or governmental regulation that is expected to materially affect its business.

PERMITS AND LICENSES

In the normal course of entering and doing this business, real estate developers are required to secure different permits and licenses before constructing the project and making sales. This is on a per project basis and the Company religiously applies for the required governmental approvals for its projects.

Apart from discussion already included herein, the Company is not aware of any pending legislation or governmental regulation that is expected to materially affect its business.

STATUS OF PERMITS & LICENSES

Permits	Date of Filing/ Issue	Validity	Regulatory Body/ Unit Who Issued Such Permit	Holder of Permit	Status	Expiration Date
Environmental Compliance Certificate (ECC)	TBA	N/A	EMB-DENR	Primavera City Phase III&IV	For Issuance	N/A

RESEARCH AND DEVELOPMENT

The expenses incurred for research and development activities are minimal and do not amount to a significant percentage of revenues.

COST AND EFFECT OF COMPLIANCE WITH ENVIRONMENTAL LAWS

The expenses incurred by the Company for purposes of complying with environmental laws consist primarily of payments for government regulatory fees that are standard in the industry and are minimal.

MAJOR BUSINESS RISKS

Market and Operational Risk

The Company faces market and operational risk as a relatively young enterprise. Simultaneous development of current and future projects could require optimization of finite resources. To mitigate this risk, the Company applies a phased development approach to each project. Full development is divided into subsequent phases, and each preceding phase may stand alone as a finished product in the event that, for any reason, market or operational challenges affect the project so that returns would be higher if the project were built only to the extent of early or middle phases. A phased development strategy will effectively manage market and operational risks, as this affords the Company with the flexibility to optimize finite resources by adjusting timing and abridging particular projects in favor of refocusing on others, as demand may dictate. Should there be a weaker performance in particular developments, the Company stands ready to re-prioritize in favor of other projects which it believes would provide the best returns to the Company and its shareholders, or it may choose to pursue its plans at a slower pace of growth.

Significant competition in the real estate industry

Most of the Company's competitors are established market leaders who have the advantages of greater financial strength, developmental resources, brand recognition, and in-house manpower. Because of the high level of competition now prevailing in the Philippine real estate industry, there is no assurance that these major players will not directly compete or enter the niche markets of the Company.

To mitigate this risk, IDC differentiates itself from other real estate developments in the Philippines and provide a value advantage to its clients through its thrust of sustainable and eco-friendly real estate development projects. The Company also continues to pursue its first mover strategy in developing projects in up-and-coming cities where there may be less competition. Moving forward, the Company will continue to strengthen its organization in order to support its growth plans and better compete with bigger real estate players.

Failure to meet customers' expectations and standards

Property developers warrant that their projects are structurally sound for a period of fifteen (15) years from date of completion of the project. They are also responsible for hidden defects. The Company or its officials may be held liable for administrative fines or criminal penalties in case of any violation of Republic Act No. 6541, as amended, or the National Building Code of the Philippines (the "Building Code"). Moreover, the Company may be held liable for damages, for uninsurable events, or matters not subject to effective indemnification agreements with the Company's contractors.

In the event of claims arising from defects, the Company's reputation and its business, financial condition and results of operations may also be adversely affected.

To mitigate this risk, the Company ensures that all its projects are carefully executed to meet required standards. The Company also ensures that construction materials are of good quality and are sourced from reputable suppliers. Supplier selection is done through a competitive bidding process and the contracts for each project are covered by adequate bonds, insurances, and indemnity provisions.

Ability to obtain financing for project development

In 2012, the Bangko Sentral ng Pilipinas (BSP) intensified its monitoring of bank real estate exposures (REE) by expanding the definition of REE to include investments in debt and equity securities that finance real estate activities, loans to developers of socialized and low-cost housing, loans to individuals, and credit supported by non-risk collaterals or Home Guarantee Corporation guarantees. Further, beginning in 2014 the BSP ordered universal, commercial and thrift banks to conduct Real Estate Stress Tests (RESTs) to determine whether its capitalization is sufficient to absorb a severe shock from its real estate exposure.

Stricter lending and prudential regulations may reduce the lending appetite of banks in the Philippines, which in turn may adversely affect the Company's ability to secure financing for its project developments and its prospective customers' ability to secure bank financing at favorable terms.

To mitigate this risk, the Company practices prudent financial management to minimize its possible effects. The Company has initiated the process of reducing the debt component and increasing the equity component in its financial structure through the issuance of the Offering of preferred shares.
To improve prospective customers' access to debt, the Company provides in-house financing schemes, and will continue to enhance those, including special incentives for cash such as the granting of discounts up to 10% for outright cash payments made by the buyer with the balance of total contract price to be settled either thru in-house or bank financing.

Availability of land for use in the Company's future projects

The ability of the Company to continue its growth and expansion is largely based on its ability to acquire prime properties in its target locations. In the event that the Company is unable to acquire lots at acceptable prices, its growth could be limited and the results of operations could be adversely affected.

To mitigate this risk, the Company is largely concentrating on prospective areas in early growth phases such as Southern Luzon & Visayas in order to optimize exposure to growth. The Company will also remain flexible in its investment structures, whether these be direct land acquisitions or joint venture developments.

Risks on project cost and completion

The Company faces the risk of escalating project costs and inability to complete its projects should there be significant cost overruns due to lapses in materials and labor cost estimation. Cost overruns would also arise if there are many alterations and deviations from the original design and technical plans which were not anticipated. The delayed completion of the project could result in additional costs aside from hindering the sales take up of the project which in turn may affect the Company's cash flow. Further, significant project delays will negatively affect the Company's reputation as it might experience difficulty in attracting customers to its future projects. This will adversely affect the results of Company's operations and financial performance.

To mitigate cost overruns, IDC enlists the services of professional and qualified quantity surveyors and cost estimators who determine the bills of quantities based on prevailing market prices and industry standards. Technical plans of each project are carefully reviewed by specialty engineering consultants to determine if they are compliant with the national and local building codes as well as to confirm if the bill of quantities is fair, reasonable and accurate. IDC has also managed to reduce costs in some of its projects by procuring some of the major construction materials like iron rebars directly. In the near term, it plans to expand its capability to source construction materials such as cement, tiles and toilet fixtures directly.

To ensure timely completion of its projects, IDC, through a competitive bidding process, selects only pre-qualified triple AAA licensed contractors with proven track records as the project managers and general contractors for its projects. IDC also maintains dedicated professional and qualified engineers as its organic personnel who are responsible for project and construction management, coordination and monitoring construction progress. Further, construction contracts include provisions for penalties for any form of delay.

Insufficient funding to finance project developments

This risk could occur if the Company embarks on a project without securing the funding for its capital expenditures. This also may occur if the company embarks in the development of multiple projects at simultaneously which would hinder the Company's ability to service large amounts capex outlay.

To mitigate this risk, IDC ensures that the financing of a project is secured from partner banks, which usually grant term loans up to 70% of project costs, before it commences project development. Additionally, IDC implements the construction of its projects by phases or stages. As a policy, the Company commences construction of succeeding project phases when sales have reached at least 70% of the preceding project phase.
Aside from its capital and retained earnings, the company also engages in pre-selling activities upon issuance of the license to sell and prior to the start of construction to generate additional cash flows.

Delay or failure to pay loan obligation(s)

The Company utilizes a mix of equity and debt to finance its projects. In the event that the Company is delayed, or compromised in its compliance with the payment of its loan obligations, it may become at risk of defaulting and may experience adverse effects on credit ratings. To mitigate this risk, the Company practices prudent financial management to ensure a well-managed balance sheet and timely payment of its obligations.

Risk relating to the collateralization of assets for loans obtained

As the Company's bank loans are secured through collateralization of assets or mortgaged properties, IDC faces the risk of losing its properties in the event of a foreclosure due to a default on its debt obligations. Moreover, when one reneges on its loan obligation, it blemishes its reputation with and erodes the trust of its funders or investors. With the advancements in the credit and background checking by CMAP and other independent credit risk rating agency, a delinquent borrower may be red-flagged and blacklisted by any and all lenders.

To mitigate this risk, IDC is vigilantly committed to protect its good credit standing with all its bank partners. It ensures that its liquid assets are not impaired and are able to service its maturing debts. The Company manages its loan exposure and cash flow effectively by maintaining a debt-to-equity ratio not exceeding 70:30. Furthermore, it conducts close monitoring of its loans repayment schedule to determine its maturing loans when it falls due.

Availability of financing to acquire new land at favorable terms and interest rates

The Company sources long term financing to acquire new land for future development. There is no assurance that the Company can continue to raise additional financing at favorable terms to support its future growth plans. Furthermore, obtaining additional debt funding may result in an increase in the Company's debt ratios, which could materially and negatively affect its existing debt covenants and obligations.

To mitigate this risk, the Company practices prudence in identifying new lands for future acquisitions. The Company targets to acquire new lands that are situated in emerging growth towns and cities with available transportation, infrastructure and communication facilities, and essential services in order to increase the likelihood of the land being an acceptable collateral for future financing. Before funding is committed to acquire new land, an initial market assessment is done to establish the commercial prospects of the location. Additionally, the Company pursues phased developments of its projects.

Higher inflation and Interest rates

Fluctuations in interest rates could negatively affect the margins of the Company with respect to sales and receivables and could hinder the Company's ability to avail new debt on favorable terms, or at all. Higher interest rates also affect the Company's ability to repay debt obligations. Additionally, higher interest rate levels also affect the affordability and desirability of the Company's condominium units as several of the Company's customers obtain some form of financing for their real estate purchases. Higher inflation rates negatively affect the general population's purchasing power, which could limit the prospective clientele of the Company.

To manage the risk on interest rates, IDC is prudent in availing loans from banks for both its short term and long-term obligations to ensure that its gearing or debt to equity ratio is within or even lower than the standard set by banks. IDC also regularly monitors movements in interest rate levels and compares the rates on loans offered by banks and negotiates for the lowest possible interest rate on its loans as necessary.

To mitigate the risk on inflation, the Company may implement flexible payment terms, discounts, and creative promotional strategies to its customers.

Volatility of the Value of Philippine Peso against the US Dollar and other Currencies

Historically, the Philippines has experienced volatility in the exchange rate between the Philippine peso and the USD, as well as against other currencies. In Sept. 10, 2018, the Philippine Peso to US Dollar exchange rate closed at 54.30:1, its highest level since 2005. Fluctuations in foreign exchange rates may negatively impact Philippine consumers' purchasing power or preferences, which could affect the Company's financial condition and results of operations.

Other than the increase in prices of services, imported materials and equipment including furniture and fixtures purchased by the Company, the Company is not significantly affected by exchange rate fluctuations since its obligations are not denominated in US dollars or any foreign currency. If and when the peso depreciates against the US Dollar or other foreign currencies, the effect is favorable to buyers of its residential units, including OFWs, who are earn in dollar- or other foreign-denominated currencies.

Approval of permits and other regulatory licenses necessary for the business

Before any real estate development project can commence in the Philippines, it is required that all permits and licenses are secured from and approved by regulatory agencies such as DENR for the Environmental Clearance Certificate, Barangay Council for the Barangay Clearance, LGU for the City/Town Zoning and Locational Clearance, HLURB for the Development Permit, Certificate of Registration and License to Sell, Office of Building Official for the Building Permit, Electrical, Fire and Sanitary permits etc. Securing all the required permits and licenses takes about 8-12 months. Any delays in securing such permits and licenses or worse, disapproval of the concerned regulatory or government agencies may result to substantial delays or even a complete halt in the development of the Company's projects.

To manage this risk, IDC ensures that it complies with all the requirements of the regulatory agencies and sees to it that the documents are complete. The Company assigns personnel who are knowledgeable about the regulatory application and approval process.

No assurance of successful implementation of business plans and strategies

The plans and strategies of the Company may not yield the expected results. As a real estate developer, the Company's success is supported by its ability to continuously develop a portfolio of winning project developments. Having the first-mover advantage by pursuing project developments in up-and-coming cities, where other real estate developers do not yet have a significant presence is also a core part of the Company's strategies. There can be no assurance that all its project developments will be successful or that the market in the target locations will be receptive or sufficiently-sized to sustain the proposed projects.

To mitigate this risk, regular meetings will be conducted by the Board of Directors and of management in order to ensure that the plans and strategies are aligned and being enforced, and remains realistic. The Company also continuously researches and re-assesses market patterns in its target locations.

Risk associated with its in-house financing activities, including the risk of customer default

The Company extends in-house financing as one of the modalities given to the buyer to purchase a residential unit. Based on IDC's historical sales performance, buyers who purchase units through in-house financing comprise less than 10% of total units sold. With the provision of in-house financing, the Company faces risks of delayed payments and/or customer default or non- payment of monthly amortizations.

To mitigate this risk, the Company's sales and documentation personnel screen and pre-qualify buyers of residential units on an in-house financing basis. The screening and pre-qualifying process involves an assessment of the buyers' capacity based on income and verification of documents such as employment, billing address, marital status as well as business conditions for those that are self-employed or have businesses. As a policy, the company also requires its buyers to issue post-dated checks for the entire approved amortization period, which ensures timely collection of receivables. Furthermore, IDC has strengthened its Contract to Sell with clear and specific provisions pertaining to events like default and penalties for delayed payments. In the event of default or any non-compliance to the contract, IDC may cancel and rescind the sale after giving the buyer due notice. To date, IDC's customer default rates stand at less than 4% of total units sold.

Substantial sale cancellation

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 of a material number of sales cancellations. Cancelled sales occur when the buyer, after paying the fee to reserve the unit, no longer wishes to continue to purchase the unit or, in some instances, is unable to continue to pay monthly equity amortizations.

While the Company historically has not experienced a material number of cancellations, there can be no assurance that it will not experience a material number of cancellations in the future. 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 and horizontal residential units.

To mitigate this risk, IDC conducts customer screenings and evaluates buyers' capacity to pay for condominium units based on their income before concluding sales transactions. In addition, it also conducts financial literacy orientation for its buyers. In the event of sales cancellation, the cancelled unit is immediately returned to inventory and reopened for sale to interested buyers. In more than ten (10) years of operations, IDC has been fortunate that sales cancellation is consistently very minimal (i.e less than 6% of total sold units).

Reputational risk of directors and officers of the company

Reputational risk is the potential loss to financial, capital, social and/or market share resulting from damages to a firm's reputation. This is often measured in lost revenue, increased operating, capital or regulatory costs or destruction of shareholder value. This risk involves the directors, officers, and control persons of the Company, most of whom are connected with other public and/or private companies. There is no assurance that any of the Company's directors, officers, and major shareholders will not be involved in future litigation or other disputes, the results of which may materially and adversely impact the public perception on the Company.

To manage this risk, IDC ensures that its directors and officers surpass the minimum standards of character, professionalism, integrity and competence. The Company screens and validates the profile of its directors and officers to ensure they were not convicted of any administrative or criminal cases.

Shortage in the supply of qualified and skilled technical personnel in the real estate industry

IDC engages triple AAA licensed contractors who are responsible for undertaking the construction of its projects. These contractors which are accountable to perform specific contract works such as structural, electrical, mechanical and plumbing and sanitary works, maintain a pool of qualified and skilled personnel at any time and are fully committed to comply with the manpower requirements of the project. In addition, IDC maintains an in-house architect and engineering team and outsourced consultants who are responsible for IDC's project management and design. Thus, this risk has minimal effects on IDC's real estate projects.

Information security risks

Cybersecurity threats to information security such as computer software attacks (i.e attack by computer viruses/ malware, phishing, hackers etc.) intellectual property theft, identity theft, equipment or information theft can negatively affect any business and may result to property losses, business interruption, employee injuries and liability losses among others.

To mitigate these risks, the Company uses remote data backups and installed virus/malware scanning for email attachments. It also educates its employees to be careful in handling sensitive and confidential information. Only authorized employees are provided access to important financial records. The Company also complies with the law governing the data privacy act.

Inherent risks

Some risks are inherent to the real estate or property business such as damage to property resulting from as natural disasters, fire, damage by tenants and robbery or vandalism. The unpredictable nature of the housing market also affects sales which in turn, affects the Company's liquidity.

To mitigate these risks, the Company obtains comprehensive liability insurance for its projects which covers perils such as fire and natural disasters, accidents, theft and robbery. IDC also employs 24/7 security detail to safeguard its property and its real estate projects.

While there is no way to control the impact of an unpredictable housing market, IDC mitigates the associated risks by knowing and understanding its target market's needs. The Company continues its endeavor to offer the right product, at the right price and at the right location to successfully capture and retain its customers.

Dependence on Key Personnel

Considering that the present management team is limited while the Company is still in a growth stage, there may be a risk of over dependence on its key personnel which may pose challenges in the event of resignation, retirement, or termination. To mitigate this risk, the Company continually structures its remuneration practices in order to reward loyalty and longevity among deserving personnel. The Company also intends to recruit, train, and reward its current and future employees to promote organic growth and continuity. Furthermore, the key personnel are major stockholders of the Company.

Delay or failure to acquire equipment or furniture and fixtures

The occurrence of this risk may be due to the negligence of management to anticipate the essential equipment or furniture and fixtures needed by its project. Should it not be able to provide the specific equipment or furniture and fixtures that it has committed to provide in its real estate projects, its branding and reputation may be negatively affected.

To manage this risk, the Company identifies equipment or furniture and fixtures that are planned to be procured and or installed well ahead of time. It also maintains several accredited suppliers for its equipment and furniture and fixture requirements. In the worst-case scenario that the particular equipment or furniture and fixture is unavailable locally, it has the option to source from suppliers abroad or replace this equipment with similar types that are readily available on the local market.

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

While land ownership is proven by land titles, it is not uncommon in the Philippines to have third party claimants. To mitigate the risk, the Company conducts comprehensive due diligence and extensive title searches before it acquires any parcel of land to ensure that it secures a clean title and absolute ownership of a property.

Domestic asset price bubble

In the event of an asset bubble in the real estate industry, prices of real estate assets become remarkably higher than their actual value. To mitigate this risk, the Company's maintains its core strategy of focusing on underserved markets, away from main cities where the threat of an asset bubble is most significant. The Company also intends to continue developing its leasing businesses which are less exposed to the risk of an asset bubble. These businesses may include leasing, serviced apartments and tourist facilities which will generate a steady stream of recurring income.

Risk of Net Loss (Quarterly or Annually)

The Company may incur net losses as a result of its operations. To mitigate this risk, the Company closely measures its targets in both sales and expenses for better control and management to deliver the projected bottom line. Net losses may also be reflected in the quarterly income statement due to seasonality and booking of sales.

Contracts with Suppliers and/or Customers

The Company may be affected in case of irregularities in the application or outcomes of contractual agreements with suppliers and service providers. To mitigate this risk, the Company carefully screens the contracts of its suppliers and service providers in terms of scope of work, methodology, time table, deliverables, payment methods, warranties, and the like. The Company engages the most appropriate supplier and/or service provider, chosen by way of diligent negotiation on the Company's part, in order to protect the Company's interests. The Company also has a standard Contract to Sell for its customers, which is updated as needed in order to reasonably and appropriately protect the Company's interests, within Philippine law. The Company also receives legal advice from its legal counsel with regard to contracts.

Refinancing risk

Refinancing risk occur when a borrower cannot refinance by borrowing additional debt to repay its existing debt obligations. This risk increases during a rising interest rate environment which may cause IDC to experience difficulty in meeting higher interest payments on refinanced loans. To date, the Company has not had an occasion where it availed of refinancing. However, there is no assurance that the Company will not refinance its loans in the future.

To manage this risk, the Company sees to it that its loan obligations are up to date and maintains a very good credit score with all its partner banks.

Risk on Train Law and Corporate Recovery and Tax Incentives for Enterprises Act [CREATE]

The TRAIN Law aims to reform the tax package on land and property valuation by simplifying the taxation process, appraise properties on regular basis and on an internationally accepted standard and lower the rate of transaction taxes on real estate properties. The law has both negative and positive effects on the real estate industry once a broader and more detailed provision on property valuation and taxes would be implemented in the third package.

Property developers such as IDC, if it plans to venture into socialized housing and low-cost housing development are expected to benefit from this law since it should make selling low-cost housing projects easier and more convenient to property seekers. Lots and house and lots (and other properties which are deemed residential) worth Php1,500,000 and Php 3,199,200.00 below, respectively, are exempt from being levied a value-added tax.

There is also a tax relief on young professionals who comprise as much as 47% of the country's labor force who are renting or leasing P15,000 a month for apartments or condo units near their workplace for easier accessibility, comfort and convenience. They are to benefit from VAT exemption as well as removal of VAT on association dues for condominiums. This incentive in turn will increase the demand for apartments and condo units near the work place which can help decongest traffic in the cities. On the other hand, the law increased the documentary stamp tax which increased the cost of transactions and in doing business. Additionally, the value-added tax of 12% imposed on residential units for sale worth Php 3,199,200.00 and above, increased the total contract price which in turn makes selling these properties more challenging.

To manage the negative effects of the TRAIN law as it concerns the real estate industry, IDC would have to re-position its mixed-use condominium projects with more studio units which will be offered at an affordable price to the middle and higher- income market. Moreover, these affordable residential condo units costing up to Php 3,199,200.00 can be packaged as attractive investments for lease to or owned by the young professional workforce. IDC may also consider to venture into the low-cost housing market to benefit from the tax incentives under the TRAIN law.

Occurrence of natural and other catastrophes

The Philippines has experienced a significant number of major natural catastrophes over the years, including typhoons, volcanic eruptions, earthquakes, storm surges, mudslides, fires, droughts, and floods. Natural catastrophes will continue to affect the Philippines and may negatively affect the Company's real estate projects.

IDC sees to it that its design and technical plans are compliant at the minimum with the specifications and standards of the national and local building code. IDC's contractors are required to strictly enforce all safety and security measures in the construction of its projects. It is also a mandatory requirement to have a contractor's all risk insurance to cover all risks that may occur during construction. The Company also has a comprehensive liability insurance for its properties covering all perils such as earthquake, fire, flood including personal and group liability coverage on accidents, death, theft and robbery.

Nevertheless, there is no assurance that the insurance coverage that the Company maintains for these risks will adequately compensate for all damages and economic losses resulting from natural calamities. Such losses could materially and adversely affect the Company's business, financial condition and results of operations. The Company mitigates this risk through the geographic diversity of its projects, thereby minimizing the impact of a potential natural catastrophe. The Company's projects are also located in relatively less flood-prone areas.

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

Foreign buyers generate a portion of the demand for the Company's housing and land development projects. A number of factors could lead to a reduction in the number of foreign buyers or a reduction in the purchasing power of foreign buyers, among other effects. These include:

- an appreciation of the Philippine peso, which would result in the decreased value of the other currencies transmitted by foreign buyers relative to the Philippine peso;
- difficulties in the transmittal 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;
- the imposition of restrictions by the Government on the acquisition of condominium units by foreign citizens

DESCRIPTION OF PROPERTIES

The Company owns several real estate properties as described below. The Company has under its name the land titles for the project Primavera Residences and Primavera City Phase 1 and Phase 2, all located in Bgy. Upper Carmen, Cagayan de Oro City. Also, the land title of Miramonti Phase 1 located at Bgy. San Rafael, Sto. Tomas, Batangas is already in the name of IDC.

With regards to the other lots allotted for Primavera City Phases 3 and 4, the respective titles for Lots 1, 2 and 3 has been transferred to company following the completion of the amortization of payments. For the site of Miramonti Phase 2 lot in Sto. Tomas, The company has terminated its Joint Venture Agreement with the owner, Lanvin Natural Resources, Inc., and has bought the property outright. The development of Miramonti Phase 2 has been assigned to IDC Prime, which has entered into a Serviced Residences Management Agreement with Scotts Philippines, Inc., the Philippine subsidiary of Ascott Limited. Once completed, Miramonti Phase 2 will be operated under the Citadines brand. The Company also owns two intellectual property rights in its favor, which are registered with the Intellectual Property Office of the Philippines.

REAL PROPERTIES

Primavera Residences

The land for Primavera Residences Tower A is a 1,125 square meter property with TCT number 137-2011000850, located at Barangay of Upper Carmen Cagayan de Oro City, Island of Mindanao, Philippines. This property was acquired from PODC at a total contract price of PHP13,227,213.00 which was fully paid last 26 January 2011. This title was used to secure the Company's development loan with Landbank. The liens and encumbrances on the land has been cancelled since the development loan with Land bank has been fully paid on March, 2015.

The land for Primavera Residences Tower B is a 1,126 square meter property with TCT number 137-2013000753, located at Barangay of Upper Carmen Cagayan de Oro City, Island of Mindanao, Philippines. This property was acquired from PODC at a total contract price of PHP13,238,970.21, which was fully paid last 08 February 2013. Said title was used to secure the Company's developmental loan with Bank of Philippine Islands (BPI). The liens and encumbrances on the land has been cancelled since the development loan with BPI has been fully paid on April 2017.

The Primavera Residences Tower A and B has been finished and delivered.

Primavera City

The land for Primavera City project Phases 1, 2, 3 and 4 consists of seven (7) lots with a total area of 6,558 square meters. The property is located at Macapagal corner Masterson Avenue, Pueblo de Oro Business Park, Bgy. Upper Carmen, Cagayan de Oro City, Island of Mindanao under the name of PODC. Contracts to Sell have been entered into by the Company for three lots covering 2,810 sqm. (lots 1, 2, and 3). The land for lots 4, 5, 6 and 7, allocated as the site for Primavera City Phase 1 – Towers A and B and Primavera City Phase 2, has been fully paid by IDC and the title is already under the name of Italpinas Development Corporation.

The land for Primavera City Tower A is a 937 square meter property pertaining to Lot 7, Block 20 with TCT number 137-2016001714 in the name of IDC has been issued by the Registry of Deeds on April 8, 2018. Similarly, the land title for Primavera City Tower B is a 937 square meter property pertaining to Lot 6, Block 20 with TCT number 137-2016001800 has been issued by ROD on April 8, 2016. Both properties are located at Barangay of Upper Carmen Cagayan de Oro City, Island of Mindanao, Philippines. The two properties were acquired from PODC at a total contract price of PHP24,616,208.10.

The lands for Primavera City Phase 2 composed of 1,874 square meter properties pertaining to Lot 5, Block 20 and Lot 4, Block 20 with TCT numbers 137-2020001209 and 137-2020000889, respectively, in the name of IDC. These properties are located at Barangay of Upper Carmen Cagayan de Oro City, Island of Mindanao, Philippines. The two properties were acquired from PODC at a total contract price of PHP33,475,693.

Primavera City is a complex of mixed-use residential and commercial buildings composed of seven (7) towers. The construction will be divided into four (4) phases, of which, Primavera City Phase 1 was almost fully completed by the end of 2020 while Primavera City Phase 2 started construction in 4Q 2019. The total construction cost of Primavera City Phase

1 is partially financed by a P350 million development loan from the Development Bank of the Philippines ("DBP"), collateralized by lot 6 and 7 with CTC numbers 137-2016001714 and 137-2016001800.

Miramonti

The total land area for the Miramonti project which is to be developed in two phases is a 7,404 square meter commercial/residential property located at Millenium Drive, Light Industry Science Park III, San Rafael, Municipality of Sto. Tomas, Province of Batangas.

The land identified as Lot 1-A-3 allocated for the Miramonti Phase 1 comprising of 2,057 square meters has been fully paid by IDC. The title bearing TCT No. 056-2017001498 has been transferred in favor of IDC by Register of Deeds, Tanauan on March 23, 2017. The land was acquired from RFM.

The second commercial/residential lot with an area of 5,347 square meters identified as Lot 1 of Block 3A will be the site of the prospective Miramonti Phase 2. The company has terminated its Joint Venture Agreement with the owner, Lanvin Natural Resources, Inc., and has bought the property outright. The development of Miramonti Phase 2 has been assigned to IDC Prime, which has entered into a Serviced Residences Management Agreement with Scotts Philippines, Inc., the Philippine subsidiary of Ascott Limited. Once completed, Miramonti Phase 2 will be operated under the Citadines brand.

INTELLECTUAL PROPERTIES

The Company owns Intellectual Properties which it registered with the Intellectual Property Office of the Philippines. Below is a summary of the marks registered under the Company:

TRADEMARK	Registration	Term
IDC ITALPINAS DEVELOPMENT CORPORATION	Registration No. 4/2015/00504687 25 Aug 2016	10 years Until 25 Aug 2026
IDC	Registration No. 4/2016/00503037 10 Nov 2016	10 years 10 Nov 2026
Move into Italian Style	Registration No. 4/2016/00502899 10 Nov 2016	10 years 10 Nov 2026

Living by Design	Registration No. 4/2015/0050477 0 22 Sep 2016	10 years 22 Sep 2026
Primavera Residences in CDO	Registration No. 4/2017/0001601 9 10 October 2019	10 years 10 Oct 2029
Primavera City	Registration No. 4/2016/0050207 9 22 Sep 2016	10 years 22 Sep 2026
Citta' Verde @ Primavera City Move into Italian Style	Registration No. 4/2022/00513454 9 April 2023	10 years 9 April 2033
Citta' Bella @ Primavera City Move Into Italian Style	Registration No. 4/2022/00513378 4 May 2023	10 years 4 May 2033

Citta' Alta @ Primavera City Move Into Italian Style	Registration No. 4/2022/00513381 4 May 2023	10 years 4 May 2033
Citta' Grande @ Primavera City Move Into Italian Style	Registration No. 6/2022/00513378 4 May 2023	10 years 4 May 2033
Miramonti	Registration No. 4/2017/00004603 14 Sep 2017	10 years 14 Sep 2027
	Registration No. 4/2022/00513446 17 April 2023	10 years 17 April 2033
MIRAMARE	Application No. 4/2022/513490 03 June, 2022	

LEASED PROPERTY

The Company uses a 189 square meter office space located at Unit 28C BPI Philamlife Building, 6811 Ayala Ave., Makati City, as its head office. This property is owned by Terrace 28 Corporation. The lease is for duration of one (1) year until February 2025 with option to renew150 days prior to the expiry of the lease contract. Total lease payments for the two-year duration amount to Php1,698,732.00, inclusive of value added and withholding taxes.

FUTURE PROSPECTS

As discussed previously, through a combination of qualitative and quantitative market studies, the Company has identified potential areas for its future developments in Southern Luzon & Visayas.

KEY PERFORMANCE INDICATORS

CURRENT RATIO

This is computed as current assets divided by current liabilities. It is a liquidity ratio that measures a company's ability to pay its short-term liabilities with its current assets.

SOLVENCY RATIO

This is derived through dividing total assets by total liabilities.

DEBT-TO-EQUITY RATIO

This is measured as the ratio of total liabilities divided by the total equity attributable to equity holders of the parent company. It is a debt ratio used to measure a company's financial leverage. It indicates how much debt a company is using to finance its assets relative to the amount of value represented in shareholders' equity.

EQUITY MULTIPLIER

This is derived by dividing total assets by total stockholders' equity. It is a financial leverage ratio that measures the amount of assets that are financed by shareholders. It provides a comparison of the Company's total assets with the total shareholders' equity.

INTEREST RATE COVERAGE RATIO

This is computed by dividing the earnings before interest and taxes by the interest expense. It is a financial ratio that shows the Company's ability to sufficiently service interest payments on its existing debt.

GROSS PROFIT RATE

This is gross profit as a percentage of revenue. It reveals the core profitability of a company before overhead costs.

	June 30, 2024	December 31, 2023
Current / Liquidity Ratio		
Current Ratio	1.54	1.56
Solvency Ratio / Debt-to-Equity Ratio		
Debt-to-equity Ratio	2.12	1.98
Asset-to-Equity Ratio		
Equity Multiplier	3.12	2.98

	June 30, 2024	December 31, 2023
Interest Rate Coverage Ratio		
Interest Cover	1.46	55.68
Profitability Ratios		
Gross Profit Rate	59%	55%

	June 30, 2024	December 31, 2023
Other Ratios		
Basic Earnings per Share	0.005	0.30
Diluted Earnings per Share	0.005	0.30

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

2nd Quarter of 2024 Financial Condition

As of 30 June 2024, the Group had *Total Assets* of Php 3,918,762,546 composed primarily of contract assets, real estate for sale and investment properties.

The Group remains liquid with *Current Assets* amounting to Php 2,740,598,090 as against its *Current Liabilities* of Php 1,782,080,428.

Real Estate for Sale composed of the remaining inventories of Primavera City Phase 1 and the cost incurred for Primavera City Phase 2 and Miramonti Green Residences Phase 1.

To further fuel its growth, IDC acquired development loans for each project as follows:

1. Landbank of the Philippines – Primavera Residences Tower A
2. Bank of the Philippine Islands – Primavera Residences Tower B
3. Development Bank of the Philippines – Primavera City Phases 1&2
4. Landbank of the Philippines – Miramonti Phase 1

Debt-to-Equity ratio is 2.12 in June 30, 2024.

As of 30 June 2024, the Group's equity increased by 0.27% brought about by its earnings for 1st semester of 2024.

Financial Condition as at 30 June 2024 compared to as at 31 December 2023

4.89% Increase in Cash

During the period, the construction of Primavera City Phase 2 and Miramonti Green Residences Phase 1 were expedited to meet its target to finish construction by this year. As such, IDC was able to withdraw from the development loan based on the percentage of construction completion of the project. Further, IDC secured working capital loans. These increased *Cash*. Further, collections from new projects Primavera City Phase 3 and Verona Green Residences Uptown, likewise increased *Cash*.

3.75% Increase in Contract Assets

Contract Assets are rights to consideration in exchange for the real estate that is conditional. *Contract Assets* are recognized based on Percentage of Construction Completion. Sales from Primavera City Phase 2 and Miramonti Green Residences Phase 1 increased the *Contract Assets*.

2.88% Increase in Trade and Other Current Receivables

IDC implemented promotions to sell the remaining inventories of Primavera City Phase 1. This increased *Trade and Other Current Receivables*.

13.79% Increase in Real Estate for Sale

During the period, the construction of Primavera City Phase 2 and Miramonti Green Residences Phase 1 were expedited to meet its target to finish construction by this year. These increased *Real Estate for Sale*. Project development costs of Primavera City Phase 3 and Verona Green Residences Uptown likewise caused the increase.

29.35% Decrease in Advances to Related Parties

The Group made advances to major shareholder for the purpose of installing facilities in the Group's projects to help achieve the envisioned project designs. Portion of these advances were returned to IDC. This decreased *Advances to Related Parties*.

10.75% Increase in Prepayments and Other Current Assets

During the period, IDC paid withholding taxes and developer's taxes pertaining to title transfers. These withholding taxes and developer's taxes are creditable taxes which caused the *Prepayments and Other Current Assets* to increase. Accumulated input taxes also brought about the increase.

12.87% Increase in Property and Equipment

The Group renovated its office in Makati. Further, computers and laptops were purchased for newly hired employees. This increased *Property and Equipment*.

100% Increase in Right of Use Asset

The *Right of Use Asset* is a lessee's right to use an asset over the life of a lease.

In 2018, IDC entered into a lease contract with Terrace 28 Corporation for its office space including parking.

21.84% Increase in Other Non-Current Assets

Broker's commission were adjusted to Cost to Obtain a Contract which caused the increase in the *Other Non-Current Assets*.

81.66% Increase in Contract Liabilities

Contract Liabilities pertain to payments made by unit buyers of unit sales that were not yet recognized as actual sales for the year taking into consideration the policy of the Company in the recognition of sales.

Collections from the sales of Primavera City Phase 3 and Verona Green Residences Uptown continuously increased the *Contract Liabilities*.

9.26% Increase in Trade and Other Current Payables

During the period, the construction of Primavera City Phase 2 and Miramonti Green Residences Phase 1 were expedited to meet its target to finish construction by this year. These increased *Trade and Other Current Payables*.

Trade payables primarily consist of dues to contractors for the costs of development and construction of the Group's real estate projects.

3.38% Decrease in Borrowings

During the period, the construction of Primavera City Phase 2 and Miramonti Green Residences Phase 1 were expedited to meet its target to finish construction by this year. As such, IDC was able to withdraw from the development loan based on the percentage of construction completion of the project. Further, IDC secured working capital loans. However, the Group paid bank loan amortization which decreased *Borrowings*.

100% Decrease in Advances from Related Parties

IDC paid-up its due to Constellation Energy Corporation.

0.43% Increase in Retained Earnings

The Group earned Php 3,378,992 for the period which brought about the increase in *Retained Earnings*.

2nd Quarter of 2024 Results of Operation

Net income of Php 3,378,992 was reported for the period.

Results of Operation as at 30 June 2024 compared to as at 30 June 2023

40.68% Decrease in Sales

The Group derives revenue from sale of completed and on-going construction projects from different geographical locations. Php 216,084,545 from Cagayan de Oro and Php 87,718,264 from Batangas.

Sales are recognized based on accounting standards. Before a sale can be recognized as actual sale, certain collection percentage should be met as one of the criteria. Further, percentage of construction completion is likewise considered in the recognition of sales.

49.93% Increase in Cost of Sales

Percentage of construction completion is considered in the recognition of *Cost of sales*. Decrease in Sales correspondingly decreased the *Cost of Sales*.

22.52% Decrease in General and Administrative Expenses

The Group implemented control measures to reduce the costs and expense. Despite the Group's continuous expansion of its operations in which new employees were hired and the remunerations of some of the existing employees were increased as a result of exemplary performance, *General and Administrative Expenses* decreased.

341.07% Increase in Finance Income

Finance Income partly pertains to interest income coming from sales through In-House Financing scheme. But what caused the increase in *Finance Income* are the penalties collected for late payments.

1.55% Decrease in Finance Costs

These pertain to bank interests which decreased due to payment of bank loans amortization.

6.65% Increase in Other Operating Income

Last year, there were sales cancellations in which the corresponding collections were forfeited. These cancellations were the aftermath of the COVID pandemic.

PART II--OTHER INFORMATION

1. **Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation:**

   Not applicable.

2. **Description of material commitments and general purpose of such commitments. Material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or another person created during the period:**

   The Company has not entered into any material commitments as of September 30, 2023 nor has it entered into any material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons created during the applicable period.

3. **Any significant elements of income or loss that did not arise from registrant's continuing operations:**

   Not applicable.

4. **Seasonal aspects that have a material effect on the FS:**

   No seasonal aspects that have a material effect on the financial statements.

MAJOR STOCKHOLDERS

The following are the major stockholders of Italpinas Development Corporation as of 30 June 2024:

Stockholders	No. of Shares	Percentage
Jose D. Leviste III	182,807,930	29.04%
Romolo Nati	157,324,714	24.99%

SUBSIDIARIES

IDC Prime Inc (IDC Land Corporation)

IDC Prime Inc (Formerly IDC Land Corporation), a wholly-owned subsidiary of the Company, was incorporated last 19 August 2019 in order to streamline the Company's operations in Mindanao. The development of Miramonti Phase 2 has been assigned to IDC Prime.

IDC Homes Inc (LBD Land Corporation)

IDC Homes Inc (Formerly LBD Land Corporation), a wholly-owned subsidiary of the Company, was incorporated last 19 August 2019 in order to streamline the Company's operations in Luzon. The development of Verona Green Residences has been assigned to IDC Homes.

Prima Management Corporation

Prima Management Corporation, a wholly-owned subsidiary of the Company, was incorporated last 23 February 2022. Its primary purpose is to operate, hold, or provide partial or full-service management and maintenance of real estate businesses.

ASSOCIATES & AFFILIATES

Constellation Energy Corporation

In line with its commitment to sustainable development, the Company also holds a 25% equity stake in Constellation Energy Corporation (“Constellation” or “CEC”), providing it with strategic exposure to growth in the renewable energy industry and the Philippines’ increasing demand for power. Constellation is engaged in the development of renewable energy facilities to provide clean energy to Philippine grids.

Damiani Property Management and Services

Damiani Property Management and Services was incorporated on 27 April 2016. Its primary purpose is to operate, hold, or provide partial or full-service management and maintenance of real estate businesses. IDC’s Chairman and CEO, Romolo Nati, owns 25% of outstanding shares of Damiani.

Primavera Residences Condominium Corporation (PRCC)

PRCC was initially incorporated and registered with SEC by the Company in order to be the Condominium Corporation for the Primavera Residences project. The Company owns certain units at the Primavera residences and participates as a member of the affiliate’s BOD.

BOARD OF DIRECTORS

As of 30 June 2024, the members of the Board of Directors of the Company are:

Name	Position
Romolo Nati	Director/Chairman
Jose D. Leviste III	Director/President
Dionisio A. Tejero	Director
Christine P. Base	Director
Giuseppe Garofalo	Director
Gladys Ivy M. Echano	Director
Rafael A. Dominguez	Independent Director
Jose G. Araullo	Independent Director
Emeraldo C. Magnaye	Independent Director

Key Management

As of June 30, 2024, the members of the Company’s key management team are as follows:

Name	Position
Romolo Nati	Chairman/CEO
Jose D. Leviste III	President
Giuseppe Garofalo	Treasurer and Chief Operating Officer
Harold J. Dacumos	SVP for Banking and Business Development
Mary Ann B. Lopez	VP for Finance and Administration
Gladys M. Echano	National Sales Head
Clara Marie Asuncion G. Elizaga	Senior Director for Operations & Investor’s Relations
Michael John A. Tantoco	Corporate Secretary
Aleli M. Cordero	Assistant Corporate Secretary

SIGNATURES

Pursuant to the requirement of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant: **ITALPINAS DEVELOPMENT CORPORATION**

JOSE D. LEVISTE III
President

MARY ANN B. LOPEZ
VP for Finance & Admin

Signed this 14th day of August 2024.

ITALPINAS DEVELOPMENT CORPORATION
AND SUBSIDIARIES

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2024 AND DECEMBER 31, 2023
AND FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023

ITALPINAS DEVELOPMENT CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND DECEMBER 31, 2023

	Note	**June 30, 2024**	December 31, 2023
ASSETS			
Current Assets			
Cash	*5*	**₱243,035,022**	₱231,700,530
Contract assets	*6*	**880,597,057**	848,790,926
Trade and other current receivables	*7*	**356,685,753**	346,685,097
Real estate for sale	*8*	**923,592,047**	811,672,928
Advances to related parties	*20*	**19,125,054**	27,069,761
Prepayments and other current assets	*9*	**317,563,157**	286,737,184
Total Current Assets		**2,740,598,090**	2,552,656,426
Noncurrent Assets			
Property and equipment	*10*	**14,358,693**	12,721,881
Right-of-use asset	*11*	**672,598**	-
Investment properties	*12*	**1,105,016,416**	1,105,016,416
Deferred tax assets	*26*	**16,129,665**	16,129,665
Investment in an associate	*13*	**1,266,205**	1,266,205
Other noncurrent assets	*14*	**40,720,879**	33,420,513
Total Noncurrent Assets		**1,178,164,456**	1,168,554,680
		₱3,918,762,546	₱3,721,211,106
LIABILITIES AND EQUITY			
Current Liabilities			
Contract liabilities	*6*	**₱335,207,443**	₱184,525,907
Trade and other current payables	*15*	**1,095,156,495**	1,002,330,861
Borrowings, current portion	*17*	**351,716,489**	431,308,336
Advances from related parties	*20*	**–**	15,964,553
Income tax payable		**–**	28,322
Total Current Liabilities		**1,782,080,428**	1,634,157,979
Noncurrent Liabilities			
Borrowings, net of current portion	*17*	**602,482,933**	556,232,933
Deferred tax liabilities	*26*	**264,738,895**	264,738,895
Retirement benefit obligation	*18*	**15,349,863**	15,349,863
Total Noncurrent Liabilities		**882,571,691**	836,321,691
Total Liabilities		**2,664,652,119**	2,470,479,670
Equity			
Share capital	*19*	**314,784,398**	314,784,398
Additional paid-in capital	*19*	**157,129,244**	157,129,244
Retained earnings	*19*	**781,375,032**	777,996,040
Other comprehensive income	*18*	**821,754**	821,754
Total Equity		**1,254,110,428**	1,250,731,436
		₱3,918,762,546	₱3,721,211,106

See Notes to the Unaudited Consolidated Financial Statements.

ITALPINAS DEVELOPMENT CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE SIX-MONTH AND THREE-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023

		Six-Month Period Ended June 30,		Three-Month Period Ended June 30,	
	Note	**2024**	2023	**2024**	2023
Net sales	*21*	**₱119,189,421**	₱200,917,542	**₱64,428,482**	₱115,027,969
Cost of sales	*22*	**(49,314,087)**	(98,481,274)	**(28,698,831)**	(62,911,253)
Gross profit		**69,875,334**	102,436,268	**35,729,651**	52,116,716
General and administrative expenses	*23*	**(55,120,528)**	(71,143,500)	**(28,610,163)**	(28,584,540)
Finance costs	*16*	**(12,259,016)**	(12,451,566)	**(7,265,337)**	(7,311,026)
Finance income	*5*	**620,560**	140,694	**249,961**	136,159
Other operating income, net	*24*	**2,543,406**	2,384,744	**1,090,457**	1,228,603
INCOME BEFORE INCOME TAX		**5,659,757**	21,366,640	**1,194,569**	17,585,912
INCOME TAX EXPENSE	*26*	**(2,280,765)**	(11,411,823)	**(709,909)**	(9,546,920)
NET INCOME		**3,378,992**	9,954,817	**484,660**	8,038,992
OTHER COMPREHENSIVE INCOME		**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME		**₱3,378,992**	₱9,954,817	**₱484,660**	₱8,038,992
BASIC AND DILUTED EARNINGS PER SHARE	*28*	**₱0.005**	₱0.016	**₱0.001**	₱0.013

See Notes to the Unaudited Consolidated Financial Statements.

ITALPINAS DEVELOPMENT CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023

	Note	**2024**	2023
SHARE CAPITAL	*19*	**₱314,784,398**	₱314,784,398
ADDITIONAL PAID-IN CAPITAL	*19*	**157,129,244**	157,129,244
RETAINED EARNINGS			
Balance at beginning of period		**777,996,040**	589,163,843
Net income		**3,378,992**	9,954,817
Balance at end of period		**781,375,032**	599,118,660
OTHER COMPREHENSIVE INCOME -			
Remeasurement gain on retirement liability	*18*	**821,754**	2,674,813
TOTAL EQUITY		**₱1,254,110,428**	₱1,073,707,115

See Notes to the Unaudited Consolidated Financial Statements.

ITALPINAS DEVELOPMENT CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023

	Note	**2024**	2023
Cash flows from operating activities			
Income before tax		**₱5,659,757**	₱21,366,640
Adjustments for:			
Finance costs	*16*	**12,259,016**	12,451,566
Depreciation and amortization	*10*	**596,607**	1,864,655
Finance income	*5*	**(620,560)**	(140,694)
Operating income before working capital changes		**17,894,819**	35,542,167
Decrease (increase) in:			
Contract assets		**(31,806,131)**	(135,562,474)
Trade and other current receivables		**(10,000,656)**	28,072,014
Real estate for sale		**(111,919,119)**	(215,577,389)
Advances to related parties		**7,944,707**	(2,104,164)
Prepayments and other current assets		**(33,106,738)**	(38,405,397)
Other noncurrent assets		**(7,972,964)**	(120,727)
Increase (decrease) in:			
Contract liabilities		**150,681,536**	871,414
Trade and other current payables		**92,825,634**	471,010,190
Cash generated from operations		**57,423,394**	143,725,634
Income tax paid		**(28,322)**	-
Finance income received		**620,560**	140,694
Net cash provided by (used in) operating activities		**58,015,632**	143,866,328
Cash flow from an investing activity			
Acquisitions of property and equipment	*10*	**(2,233,419)**	(1,852,108)
Cash flows from financing activities			
Repayments of borrowings	*17*	**(33,341,847)**	(76,895,346)
Finance costs paid		**(12,259,016)**	(12,451,566)
Decrease in advances from related parties		**(15,964,553)**	(523,732)
Net cash provided by (used in) financing activities		**(61,565,416)**	(89,870,644)
Net increase (decrease) in cash		**11,334,492**	52,143,576
Cash at beginning of		**231,700,530**	79,535,361
December 31		**₱243,035,022**	₱131,678,937

See Notes to the Unaudited Consolidated Financial Statements.

ITALPINAS DEVELOPMENT CORPORATION AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

Italpinas Development Corporation ("the Parent Company") was incorporated under the laws of the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on January 26, 2009 primarily to engage in the development and construction of real estate projects.

The Parent Company's common shares are listed in the Philippines Stock Exchange.

The Parent Company's registered principal office is located at Unit 28C BPI Philamlife Building, 6811, Ayala Avenue, Makati City, Philippines.

Registration with the Board of Investments (BOI)

The Parent Company was registered with the BOI as a new developer of low-cost mass housing project (Vertical - Primavera Residences Condominium Tower A and Tower B) on April 26, 2012, and as an expanding developer of low-cost mass housing project (Primavera Residences Tower B – Pueblo de Oro Business Park, Upper Carmen, Cagayan de Oro City) on January 30, 2015.

In 2016, the Parent Company registered another project with the BOI (Primavera City Phase 1 Towers A and B) under new developer of economic and low-cost housing. As a BOI-registered entity, the Parent Company is entitled to income tax holiday (ITH) incentive provided under Article 39(a) of Executive Order No. 226 as amended by Republic Act (RA) No. 7918. The ITH entitlement is for a period of 4 years, from October 27, 2016 to October 26, 2020 for Primavera City Phase 1 Towers A and B.

The details of the wholly-owned subsidiaries of the Group as at June 30, 2024 and December 31, 2023 are as follows:

Name	Primary Purpose
IDC Homes Inc (formerly LBD Land Corporation) IDC Prime Inc (formerly IDC Land Corporation)	Development of real estate, mass community and low-cost housing, townhouses and row houses development, residential subdivision, condominiums, buildings and other massive horizontal and vertical developments, hotels, shopping malls and leisure parks, resorts, and property management.
Prima Management Corporation	Provision of management and technical advice for commercial, industrial, manufacturing, and other kinds of enterprises; and to undertake, carry on, assist or participate in the promotion, organization, management, liquidation or reorganizations or corporations, partnerships and other entities

The registered principal offices of all the subsidiaries are at Unit 28C BPI Philamlife Building, 6811, Ayala Avenue, Makati City, Philippines.

Approval of consolidated financial statements

The consolidated financial statements were approved and authorized for issuance in accordance with a resolution by the Parent Company's Board of Directors (BOD) on May 4, 2023.

2. Basis of Preparation

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), as modified by the application of financial reporting relief issued and approved by the Philippine SEC in response to the COVID-19 pandemic. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

In December 2020, the SEC issued Memorandum Circular (MC) No. 34, Series of 2020, which further extended the deferral of application of the provisions of Philippine Interpretations Committee (PIC) Question & Answer (Q&A) No. 2018-12 with respect to accounting for significant financing component and exclusion of land in the calculation of percentage of completion (POC) and IFRIC Agenda Discussion on over time transfers of constructed goods under PAS 23, *Borrowing Cost*, for another period of three years or until 2023.

In 2021, MC No. 08 – 2021, Amendment to SEC MC No. 14 - 2018, MC No. 03 -2019, MC No. 04 - 2020, and MC No. 34 - 2020 to clarify transitory provision, provides real estate companies the accounting policy option of applying either the full retrospective approach or the modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncement.

The Group opted to avail the relief in connection with the accounting for significant financing component, exclusion of land in the calculation of POC and accounting for borrowing costs. The impact of the application of such financial reporting relief is discussed in “Adoption of Amendments to PFRS and PIC Issuances Issued but Not Yet Effective or Adopted” section of notes to the consolidated financial statements.

Basis of Measurement
The consolidated financial statements of the Group have been prepared on a historical cost basis, except for investment properties which are measured at fair value on each reporting date.

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine Peso (₱), which is the functional currency of the Group. All values are rounded off to the nearest peso except when otherwise indicated.

3. **Significant Accounting Policies**

Adoption of New and Amended PFRS
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Group adopted effective for annual periods beginning on or after January 1, 2024:

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

  Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company.

- Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation on issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

a. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)
b. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E
c. Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PICQ&A 2020-02)
d. Accounting for CUSA Charges discussed in PIC Q&A No. 2018-12-H

The Company availed of the SEC reliefs to defer the above specific provisions of PIC Q&A No. 2018-12. Had these provisions been adopted, the Company assessed that the impact would have been as follows:

a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. The Company believes that the mismatch for its contract to sell does not constitute a significant financing component based on the examples provided in the PIC letter dated November 11, 2020.

b. The exclusion of land in the determination of POC would have reduced the percentage of completion of real estate projects. Adoption of this guidance would have reduced revenue from real estate sales, cost of sales and installment contracts receivable; increased real estate inventories and would have impacted deferred tax asset or liability and provision for deferred income tax for all years presented, and the opening balance of retained earnings.

- IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost) for the Real Estate Industry

  In March 2019, the IFRIC issued an Agenda Decision clarifying the criteria for the capitalization of borrowing costs in relation to the construction of residential multi-unit real estate development which are sold to customers prior to the start of construction or completion of the development.

  Paragraph 8 of PAS 23 allows the capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Paragraph 5 of PAS 23 defines a qualifying asset as an asset that takes a substantial period of time to get ready for its intended use or sale. The IFRIC Agenda Decision clarified that the related assets namely, installment contracts receivable, contract asset or real estate inventory, are not considered qualifying assets and therefore the corresponding borrowing cost may not be capitalized.

  On February 11, 2020, the Philippine SEC issued MC No. 4-2020, providing relief to the real estate industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the real estate industry until December 31, 2023. Effective January 1, 2024, real estate companies shall adopt the IFRIC Agenda Decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC agenda decision.

The foregoing relevant amended PFRS did not have impact on the consolidated financial statements of the Group. Additional disclosures were applied as applicable.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statements of financial position based on current and noncurrent classification. An asset is current when it is:

(a) expected to be realized or intended to be sold or consumed in the normal operating cycle;
(b) held primarily for the purpose of trading;
(c) expected to be realized within 12 months after the reporting period; or
(d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when it is:

(a) expected to be settled in the normal operating cycle;
(b) held primarily for trading;
(c) due to be settled within 12 months after the reporting period; or
(d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

Fair value measurements
The Group measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Financial assets and financial liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

As at June 30, 2024 and December 31, 2023, the Group does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Trade receivables that are factored out to the bank with recourse to the Group are not derecognized until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the bank is recognized as borrowings.

As at June 30, 2024 and December 31, 2023, the Group's cash, contract assets, trade and other receivables, and advances to related parties are included under this category.

*Impairment of Financial Assets at Amortized Cost***.** The Group records an allowance for "expected credit loss" (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Group has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities at amortized cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at June 30, 2024 and December 31, 2023, the Group's liabilities arising from its trade and other payables, excluding statutory liabilities, advances from related parties and borrowings are included under this category.

<u>Reclassification</u>
The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

<u>Derecognition of financial assets and liabilities</u>

Financial assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the consolidated statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

*Offsetting of Financial Assets and Liabilities***.** Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

*Classification of Financial Instrument between Liability and Equity***.** A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Cash
Cash includes cash on hand and in banks.

Real Estate for Sale
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes acquisition cost plus any other directly attributable costs of developing the asset to its saleable condition and cost of improving the properties up to the reporting date.

NRV is the estimated selling price in the ordinary course of business, based on the market prices at the reporting date and discounted for the time value of money if material, less estimated costs to complete and estimated cost of sale. NRV in respect of land under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to date of completion.

Land for future development. Upon commencement of development, the real estate properties held for future development is transferred to real estate for sale.

Prepayments and Other Current Assets
Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the consolidated statements of financial position as current assets when the expense related to the prepayments are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, prepayment is classified as non-currents.

Other assets are recognized when the Group expects to receive future economic benefit from it and the amount can be measured reliably. Other assets are classified in the consolidated statements of financial position as current assets when the cost of goods or services related to the assets are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, other assets are classified as noncurrent assets.

Prepaid Taxes. Prepaid taxes represent taxes withheld by the Group's customers required under the Philippine taxation laws and regulations. If at the end of the financial reporting period, the Group has current income tax due, the prepaid tax shall be applied as payment for the tax due, and any excess shall be carried over to the succeeding period. Prepaid tax is stated at their estimated net realizable values and is included as part of "Prepayments and other current assets" in the consolidated statements of financial position.

<u>Property and equipment</u>
Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation (ARO). Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

Depreciation, which commences when the assets are available for their intended use, is computed using the straight-line method over the following estimated useful lives of the assets:

Transportation equipment	5 years
Office space	5 years
Leasehold improvements	5 years
Office software and equipment and furniture and fixtures	2-5 years

Leasehold improvements are amortized over the term of the lease, or the estimated useful life of the leasehold improvements whichever is shorter.

An asset is depreciated when it is available for use until it is derecognized even if during that period the item is idle. Fully depreciated assets and fully amortized assets still in use are retained in the consolidated financial statements.

The remaining useful lives, residual values and depreciation method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the consolidated statements of comprehensive income in the period of retirement and disposal.

<u>Investment Properties</u>
Investment properties comprise completed property that are held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement and disposal of investment property is recognized in the statements comprehensive of income in the period of retirement and disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or real estate for sale, the cost of property for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Transfer are made to (or from) investment property only when there is a change in use. For transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. For a transfer from real estate for sale to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in profit or loss. The treatment of transfer from inventories to investment property that will be carried at fair value is consistent with the treatment of sale of real estate for sale.

<u>Investment in an Associate</u>
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. Investment in an associate is accounted for using the equity method of accounting.

Under the equity method of accounting, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group’s share of the profit or loss and other comprehensive income of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statements of comprehensive income reflect the Group’s share in the results of operations of the associate. When there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group’s share in profit or loss of the associate is shown in the consolidated statements of comprehensive income and represents profit or loss after tax and non-controlling interest in the subsidiary of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss in its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate and its carrying value, and then recognizes the loss as “Equity share in net loss of an associate” in the consolidated statements of comprehensive income.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in OCI is reclassified to profit or loss where appropriate.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statements of comprehensive income.

Impairment of Non-financial Assets

The carrying amounts of investments, property and equipment and investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of comprehensive income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Other Noncurrent Assets

Other noncurrent assets mainly include cost to obtain a contract and refundable deposits.
Security deposits. Security deposits represent deposits made in relation to installation of transformer for Primavera Residences and Primavera City utility. The security deposit is carried at cost.

Investment in Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls a subsidiary when it has power over the subsidiary; it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

The Group carries its investment in subsidiaries at cost.

The Group annually reassess whether it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the three elements of control.

If the Group loses control over a subsidiary, it shall (i) derecognize the carrying value of the investment; (ii) recognize the fair value of the consideration received that resulted in the loss of control, distribution of shares of the subsidiary to owners in their capacity as owners or any investment retained in the former subsidiary at its fair value at the date the control is lost; (iii) reclassify to profit and loss or transfer to retained earnings, the amounts recognized in OCI in relation to the subsidiary; and (iv) recognize any resulting difference as gain or loss in the consolidated statements of comprehensive income in the year the control was lost.

Borrowings

Borrowings are initially recognized at fair value, net of any transaction costs, directly attributable to the issue of the instrument. Such liability is subsequently measured at amortized cost using the EIR method, which ensures that any finance cost over the period of repayment is at a constant rate on the balance of the liability carried in the consolidated statements of financial position.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as prepayment for liquidity services and amortized over the period of the facility to which it relates.

The Group classifies its borrowings as current liability if settlement is expected within one year or less, and the Group does not have unconditional right to defer settlement of the liability, and does not breach any loan provisions on or before the end of the reporting period. If not, these are presented as noncurrent liability.

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Equity

Share Capital. Share capital includes common shares and preferred shares.

Common shares. Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Preferred shares. Preferred shares are classified as equity if they are non-redeemable, or redeemable only at the option of the Group, and any dividends thereon are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Group.

Preferred shares are classified as a liability if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in the consolidated statements of comprehensive income as accrued.

Additional paid-in capital. When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Retained earnings. Retained earnings represent the cumulative balances of periodic net income or loss, dividend distribution, prior period adjustments, effect of changes in accounting policy and other capital adjustments. When retained earnings account has a debit balance, it is called "deficit", and presented as a reduction from equity.

Appropriated retained earnings. The appropriation of retained earnings is the designation of a portion of the unrestricted retained earnings for a stated and specific future purpose as determined and approved by the Group's BOD. The appropriation of retained earnings is presented separately in the consolidated statements of changes in equity and the specific details of the purpose of the appropriation are disclosed in the notes to the consolidated financial statements. The appropriated retained earnings may not be used for dividends.

When the objective of the appropriation is consummated, the appropriation is reversed.

Dividends. Dividends are recognized when they become legally payable. Dividend distribution to equity shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are declared and approved by the Group's BOD.

Other Comprehensive Income. Other comprehensive income comprises items of income and expense, including items previously presented under the consolidated statements of changes in equity, that are not recognized in profit or loss for the year. Other comprehensive income of the Group pertains to remeasurement gain (loss) on retirement benefits.

Revenue recognition

Revenue from Contract with Customers. The Group primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements. The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

Real estate sales recognized over time. The Group derives its real estate revenue from sale of real estate projects. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or POC) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the input method. The Group's revenue from real estate sales is recognized over time in proportion to the progress of the development. The Group measures its progress based on actual costs incurred to date relative to the total expected costs of the related real estate project.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as residential and office development receivables, under trade receivables, is included in the "Contract asset" account in the asset section of the consolidated statements of financial position.

Any excess of collections over the total of recognized trade receivables and contract assets is included in the "Contract liabilities" account in the liabilities section of the consolidated statements of financial position.

The Group opted to defer the application guidelines of the provisions of the PIC Q&A No. 2018-12 (relief granted by SEC under Memorandum Circular No. 14 Series of 2018 and Memorandum Circular No. 3 Series of 2019) with respect to the accounting for significant financing component, uninstalled materials and the exclusion of land in the computation of POC.

Rental income. Revenue from operating lease is recognized on a straight-line basis over the related lease terms. Lease incentives granted are recognized as an integral part of the total rent income over the term of the lease.

Interest income. Interest income is recognized as it accrues, taking into account the effective yield on the asset.

Other income. Other customer related fees such as penalties and surcharges are recognized as they accrue, taking into account the provisions of the related contract.

Forfeitures and cancelation of real estate contracts. Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contract sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

<u>Cost and Expense Recognition</u>
Cost of real estate sales. The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold units being recognized as cost of sales while the portion allocable to the unsold units being recognized as part of real estate for sale.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

General and administrative expenses. General and administrative expenses constitute costs of administering the business and are expensed as incurred.

<u>Contract Balances</u>

Installment contract receivable. An installment contract receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced and payments in excess of percentage of completion.

Cost to Obtain a Contract. The incremental costs of obtaining a contract with a buyer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to sales personnel on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Operating expenses" account in the profit or loss.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Amortization and derecognition of capitalized costs to obtain a contract. The Group amortizes capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within operating expenses.

Capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

<u>Employee benefits</u>

a. *Short-term benefits.* The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plan if the Group has present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

b. *Compensated absences.* Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in Trade and other payables account in the consolidated statements of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

c. *Retirement benefits.* Retirement benefit costs are determined using the projected unit credit method, which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

   The Group recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

   Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognizes restructuring-related costs.

   Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit obligation) are recognized immediately in other comprehensive income in the period in which these arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

   The retirement liability is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets out of which the obligations are to be settled directly. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

<u>Leases</u>
At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the Group has the right to direct the use of the asset. The Group when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The Group has the right to direct the use of the asset of either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At the inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Company as lessee. The Group enters into lease agreements as a lessee with respect to its office, parking space and staff house.

The Group recognizes a right-of-use asset and a corresponding lease liability with respect to the lease of the building and parking space. The lease liability is initially measured at the present value of the minimum lease payment at the commencement date, discounted by using the lessee's incremental borrowing rate (IBR) in the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The amortization period for the right-of-use asset is 2 years. The Group applies PAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

The lease liability and right-of-use asset are presented as a separate line in the consolidated statements of financial position.

Short-term leases. The Group also leases staff house which qualifies for a short-term lease (i.e., lease term of less than 12 months from the commencement date and do not contain a purchase option). The Group has elected the exemption under PFRS 16 for short-term lease. As a practical expedient, PFRS 16 permits the Group not to apply the new lessee accounting model to leases for which the lease term ends within 12 months after the date of initial application. For this lease, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Company as lessor. Leases which do not transfer to the lessee substantially all the risk and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

<u>Related parties</u>
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control and significant influence. Related parties may be individuals or corporate entities.

<u>Taxes</u>
Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of comprehensive income. The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred Tax. Deferred tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized using the liability method for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in shares of stock of subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax are recognized in the profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT). Input VAT is the indirect tax paid by the Group on the local purchase of goods or services from a VAT-registered person. Input VAT is deducted from the output VAT in arriving at the VAT due and payable. Claims for input VAT are stated at face value less provision for impairment, if any. Allowance for unrecoverable input VAT, if any, is maintained by the Group at a level considered adequate to provide for potential uncollectible portion of the claims. The Group, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses.

Deferred input VAT. Deferred input VAT represents unamortized amount of input VAT on capital goods. Deferred input VAT that are expected to be claimed against output VAT for no more than 12 months after the reporting date are classified as current assets otherwise, these are classified as noncurrent.

Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.
If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment information is disclosed in Note 27 of the consolidated financial statements.

Earnings per share (EPS)
Basic EPS is calculated by dividing the profit attributable to equity holders of the Group by weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Group and held as treasury shares.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding and assume conversion of all dilutive potential ordinary shares.

If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the consolidated financial statements are authorized for issue, the per share calculations for those and any prior period consolidated financial statements presented shall be based on the new number of shares.

Events after the Reporting Date
Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Use of Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income, and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments
In the process of applying the accounting policies, the Group has made the following judgments, apart from those involving estimations, which have an effect on the amounts recognized in the consolidated financial statements:

Classifying financial instruments. The Group exercises judgments in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

Classifying real estate for sale, investment properties and property and equipment. The Group determined whether a property qualifies as a real estate for sale, an investment property or an item of property and equipment. In making its judgement, the Group considers whether the property is held for sale in the ordinary course of business, held primarily to earn rentals or capital appreciation or both, or used for operations and administrative purposes.

Determining the highest and best use of investment properties. The Group determines the highest and best use of its investment properties when measuring fair value. In making its judgement, the Group takes into account the use of the investment properties that is physically possible, legally permissible, and financially feasible. The Group has determined that the highest and best use of the investment properties is their current use.

Determination whether an arrangement contains a lease. At inception of a contract, the Group assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract gives the right to control the use of an identified asset ('underlying asset') for a period of time in exchange for consideration. The right to control the use of an identified asset can be split into: (1) the right to obtain substantially all of the economic benefits from use of an identified asset and (2) the right to direct the use of an identified asset.

Company as lessee. The Group has entered into operating lease agreements as a lessee. The Group has determined that the lessor retains all significant risks and rewards of ownership of the asset subject of the lease agreement.

Determining the lease term of contracts with renewal and termination options. Company as lessee. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group does not include the renewal period as part of the lease term for leases of office space with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to Note 25 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Existence of a contract. The Group's primary document for a contract with a customer is a signed contract to sell, which contain all the criteria to qualify as contract with the customer under PFRS 15. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, buyers' computation sheets and invoices, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history customer, age of receivables and contract assets and pricing of the property. Management regularly evaluates the historical cancellations if it would still support its current threshold of customers' equity before commencing revenue recognition.

Revenue recognition method and measure of progress. The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group.

The Group has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

In addition, the Group exercises critical judgment in determining whether the performance obligation to deliver and transfer the control over the completed real estate assets to customers is satisfied over time or at a point in time. In making this judgment, the Group considers the delivery to and acceptance by the buyer of the completed property as a transfer of control at specific point in time since the Group does not have a significant continuing involvement with the property sold to the buyer and the earning process is virtually complete. Further, the Group's enforceable right for payment becomes due upon transfer of control over the real estate asset.

Identifying performance obligation. The Group has various contracts to sell covering its sale of condominium units and other real estate properties. The Group concluded that there is one performance obligation in each of these contracts. For the contract covering condominium unit, the developer has the obligation to deliver the condominium unit duly constructed in a specific lot and fully integrated into the serviced land in accordance with the approved plan. Included in this performance obligation is the Group's service to transfer the title of the real estate unit to the buyer.

Evaluating deferred tax. In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Incorporation of forward-looking information. The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Group has considered a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group considers a representative range of possible forecast scenarios. This process involves gathering two or more economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 5 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Group has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

Definition of default and credit-impaired financial assets. The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- Quantitative criteria

  The borrower is more than 90 days past due on its contractual payments, i.e., principal and/or interest, which is consistent with the regulatory definition of default.

- Qualitative criteria

  The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

  - The borrower is experiencing financial difficulty or is insolvent
  - The borrower is in breach of financial covenant(s)
  - An active market for that financial assets has disappeared because of financial difficulties
  - Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty
  - It is becoming probable that the borrower will enter Bankruptcy or other financial reorganization
  - Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default and exposure at default throughout the Group's expected loss calculation.

An instrument is considered to be no longer in default (i.e., to have cured) when it no longer meets any of the default criteria for a consecutive period of six months as it has exhibited a satisfactory track record. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

Contingencies. The Group is currently involved in various pending claims and lawsuits which could be decided in favor of or against the Group. The Group's estimate of the probable costs for the resolution of these pending claims and lawsuits has been developed in consultation with in-house as well as outside legal counsel handling the prosecution and defense of these matters and is based on an analysis of potential results. The Group currently does not believe that these pending claims and lawsuits will have a material adverse effect on its financial position and financial performance. It is possible, however, that future financial performance could be materially affected by the changes in the estimates or in the effectiveness of strategies relating to these proceedings. No accruals were made in relation to these proceedings.

Accounting Estimates and Assumptions

The key estimates and assumptions used in the consolidated financial statements are based upon the Group's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Revenue recognition on real estate projects. The Group's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenue. The Group's revenue from real estate is recognized based on the percentage of completion using input method. Apart from involving estimates in determining the quantity of materials, labor and equipment needed, the assessment process for the POC includes the technical determination by management's specialists (project engineers).

Following the pattern of real estate revenue recognition, the cost to obtain a contract (e.g., commission), is determined using the percentage of completion. In view of the effects of COVID-19, the continuing community quarantines and restricted mobility, the progress of the Group's performance obligation is affected which resulted to lower percentages-of-completion for the six-month periods ended June 30, 2024 and 2023.

Sale of trade receivables. The Group has entered into an arrangement with a bank wherein it discounted its trade receivables with recourse. The Group believes that the sale transactions are not more than infrequent and that the receivables discounted is insignificant both individually and in aggregate. The Group continue with the objective of collecting contractual cash flows until maturity.

Estimating fair value of investment properties. The Group carries its investment properties at fair value, with changes in fair value being recognized in profit or loss except for investment properties under construction. The Group determined that its investment properties under construction is to be measured at cost. During its construction phase, fair value of the investment properties is not reliably measurable. Once the construction is complete, the Group engages annually independent qualified valuers to determine the fair value using appropriate valuation techniques. The appraiser used comparable market data adjusted as necessary to reflect the specific assets' location and condition and, estimated expected future cash flows, yields, occupancy rates, discount rates, replacement costs and remaining economic life.

Fair value measurements. A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRS, including the level in the fair value hierarchy in which such valuations should be classified.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (Note 3).

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Evaluation of impairment of financial assets under PFRS 9. The Group uses a matrix to calculate ECLs for trade receivables other than ICRs. The ECL rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and GDP growth rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group uses vintage analysis approach to calculate ECLs for ICRs and contract assets. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The Group defines a financial instrument as in default when a customer is more than 90 days past due on its contractual obligations. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. An instrument is considered to be no longer in default (i.e., to have cured) when it no longer meets any of the default criteria.

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Management assessed and concluded that there is no impairment loss required to be recognized for the six-month periods ended June 30, 2024 and 2023.

Estimating NRV of real estate for sale. The Group reviews the NRV of real estate for sale and compares it with the cost since assets should not be carried in excess of amounts expected to be realized from sale. Real estate inventories are written down below cost when the estimated NRV is found to be lower than the cost.

NRV for completed real estate for sale is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in light of recent market transactions. NRV in respect of inventory under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction less an estimate of the time value of money to the date of completion. The estimates used took into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

The carrying values of real estate for sale amounted to ₱757,169,035 and ₱811,672,928 as at June 30, 2024 and December 31, 2023, respectively (see Note 8).

Impairment of nonfinancial assets. The Group assesses impairment on its nonfinancial assets (e.g., property and equipment and investment in associate) and considers the following important indicators:

- Significant changes in asset usage;
- Significant decline in assets' market value;
- Obsolescence or physical damage of an asset;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of usage of the acquired assets or the strategy for the Group's overall business; and
- Significant negative industry or economic trends.

If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the asset's fair value less cost to sell or value in use whichever is higher. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to be generated from the continued use of the asset. The Group is required to make estimates and assumptions that can materially affect the carrying amount of the asset being assessed.

No impairment was recognized for the Group's nonfinancial assets for the six-month periods ended June 30, 2024 and 2023.

Estimated useful lives of property and equipment. The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation, and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment and would increase the recorded costs and expenses and decrease noncurrent assets.

There was no change in the useful life of property and equipment for the six-month periods ended June 30, 2024 and 2023.

Estimation of retirement liability and costs. The Group accounts for the post-employment benefit plan using the accrual approach, including those mandated under Republic Act (RA) No. 7641. Accrual approach is applied by calculating the expected liability as at reporting date using the current salary of the entitled employees and the employees' years of service, without consideration of future changes in salary rates and service periods.

Under PAS 19, Employee benefits, the cost of defined retirement benefits, including those mandated under R.A. No. 7641, should be determined through an actuarial valuation using projected unit method which the Group did not undertake. Management believes, however, that the effect on the consolidated financial statements of the difference between the current method used by the Group and the required actuarial determined valuation method is not significant.

Determination of the incremental borrowing rate used to measure lease liabilities. The measurement of the Group's lease liabilities depends on certain assumptions, which include selection of the discount rate. The discount rate is set by reference to lessee's IBR which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Realizability of deferred tax assets. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of MCIT and NOLCO is based on the projected taxable income in the following periods (see Note 26).

5. **Cash**

This account consists of:

	June 30, 2024	December 31, 2023
Cash on hand	**₱1,650,000**	₱1,400,000
Cash in banks	**241,385,022**	230,300,530
	₱243,035,022	₱231,700,530

Cash in banks earn interest at the prevailing bank deposit rates. Finance income earned from bank deposits amounted to ₱620,560 and ₱140,694 for the six-month periods ended June 30, 2024, respectively.

There is no restriction on the Group's cash balances as at June 30, 2024 and December 31, 2023.

6. Contract Assets and Contract Liabilities

This account consists of:

	June 30, 2023	December 31, 2023
Contract assets	**₱880,597,057**	₱848,790,926
Contract liabilities	**335,207,443**	184,525,907

Contract liabilities consists of excess collections over recognized receivables and contract assets based on percentage of completion.

7. Trade and Other Current Receivables

This account consists of:

	June 30, 2024	December 31, 2023
Trade receivables	**₱315,650,072**	₱313,535,019
Advances to suppliers, officers and employees	**3,899,809**	21,368,672
Others	**25,128,457**	11,781,406
	₱356,685,753	₱346,685,097

Trade receivables pertain to receivables from sale of condominium units. These receivables are interest-bearing and generally collectible in monthly installments over a period of 5 years. Titles to the units sold under this arrangement are transferred to the buyers only upon full payment of the contract price.

Cash advances made to officers and employees are subject to liquidation upon utilization.

Advances to suppliers and contractors pertain to supply of goods and services in relation to the development activities of the Group. These advances are unsecured and non-interest bearing.

Market value of real estate properties sold were considered as collateral for purposes of determining expected credit loss and its effect on amounts of ECL. No provision for expected credit loss was recognized for the six-month periods ended June 30, 2024 and 2023.

8. Real Estate for Sale

This account consists of:

	June 30, 2024	December 31, 2023
Raw land	**₱45,176,645**	₱45,176,645
Condominium units for sale	**94,308,386**	94,308,386
Assets under construction	**784,107,016**	672,187,897
	₱923,592,047	₱811,672,928

Raw land
Raw land pertains to parcels of land acquired by the Group for future development projects that are intended for sale.

Land for future developments are free from any liens and were not pledged as a security for borrowings.

Condominium units for sale
Condominium units for sale pertain to unsold and completed units of *Primavera City Phase 1*. *Primavera City* is a complex of mixed-use residential and commercial building composed of seven (7) towers with passive and active green features and utilizing a massive solar panel array at the building's rooftop located at Macapagal Corner Materson Avenue, Pueblo de Oro Business Park, Brgy. Upper Carmen, Cagayan de Oro City, Islands of Mindanao. The land for Primavera City project consists of seven (7) lots with a total lot area of 6,558 square

meters. The construction will be divided into four (4) phases, of which Primavera City Phase 1 was 100% completed and ready for occupancy. Primavera City Phase 1 is partially financed by loan from Development Bank of the Philippines, collateralized by lot 6 and 7.

Assets under construction

Assets under construction consist of land and project development cost of ongoing real estate project of the Group. As at June 30, 2024, this account includes the land and development costs of *Primavera City Phase 2 and Miramonti Phase 1*. *Miramonti* is a nature-inspired development derived from sponges, an integrated mixed-use development dedicated for commercial areas, parking, offices, and residential spaces. Miramonti project will offer multifunctional room, fitness center, swimming pool, sky garden, playground and a 24/7 hour reception to its residents. Miramonti project is strategically located adjacent to the Manila-Batangas Expressway, the Southern Tagalog Arterial Road ("STAR") Tollway, and direct access by the existing expressway exit.

Primavera City Phases 1 and 2 are partially financed by the loan from Development Bank of the Philippines. The loan is collateralized by real estate mortgage on the Group's land in Cagayan de Oro with total land area of 1,874 sqm (see Note 17).

Miramonti is financed by a loan from Land Bank of the Philippines, collateralized by real estate mortgage on the Group's land with total area of 2,057 sqm (see Note 17).

The Group has no purchase commitments pertaining to its real estate inventories as at June 30, 2024 and December 31, 2023. As at June 30, 2024 and December 31, 2023, real estate for sale is stated at cost which is lower than its NRV.

9. Prepayments and Other Current Assets

The account consists of:

	June 30, 2024	December 31, 2023
Current and deferred input VAT	**₱247,517,200**	₱233,484,248
Prepaid tax	**60,148,275**	47,024,861
Prepaid rent	**6,225,116**	4,634,316
Others	**3,672,566**	1,593,759
	₱317,563,157	₱286,737,184

10. Property and Equipment

Depreciation and amortization charged in the consolidated statements of comprehensive income are from the following assets:

		June 30	
	Note	**2024**	2023
Property and equipment		**₱596,607**	₱299,487
Right-of-use assets	*11*	-	416,763
		₱596,607	₱716,250

The roll forward analysis of this account follows:

	Note	Office space	Furniture and fixtures	Transportation equipment	Office software and equipment	Leasehold improvements	Total
Costs							
At December 31, 2022		₱ 7,323,240	₱ 5,971,693	₱ 13,826,143	₱ 11,377,641	₱ 1,982,124	₱ 40,480,841
Disposals		-	1,011,811	-	1,413,419	8,929	2,434,159
At December 31, 2023		7,323,240	6,983,504	13,826,143	12,791,060	1,991,053	42,915,000
Additions		-	764,463.67	1,206,013.28	158,829.57	104,112	2,233,419
At June 30, 2024		**7,323,240**	**7,747,968**	**15,032,156**	**12,949,890**	**2,095,165**	**45,148,419**
Accumulated depreciation and amortization							
At December 31, 2022		7,323,240	5,131,145	5,845,274	7,554,673	1,794,984	27,649,316
Depreciation and amortization		-	155,447	1,159,884	1,177,452	51,020	2,543,803
At December 31, 2023		7,323,240	5,286,592	7,005,158	8,732,125	1,846,004	30,193,119
Depreciation and amortization	*23*	-	28,049	431,072	137,486	-	596,607
At June 30, 2024		**7,323,240**	**5,314,641**	**7,436,230**	**8,869,611**	**1,846,004**	**30,789,726**
Carrying amount							
At December 31, 2023		₱-	₱1,696,912	₱6,820,985	₱4,058,935	₱145,049	₱12,721,881
At June 30, 2024		**₱-**	**₱2,433,327**	**₱7,595,926**	**₱4,080,279**	**₱249,161**	**₱14,358,693**

The Group's transportation equipment with carrying amounts of ₱7,980,869 as at June 30, 2024 and December 31, 2023 were subjected to chattel mortgages for the loans obtained from a local bank (see Note 17).

The cost of fully depreciated property and equipment still in use amounted to ₱7,323,240 as at June 30, 2024 and December 31, 2023. None of the assets is restricted nor pledged as security for the Group's liabilities.

All of the Group's property and equipment have been reviewed for impairment. Based on management's evaluation, there was no indication of impairment on property and equipment as at June 30, 2024 and December 31, 2023.

11. **Right-of-Use Asset**

Cost	*Note*	**June 30, 2024**	December 31, 2023
Balance at beginning of period		**₱7,197,369**	₱7,197,369
Additions		**672,598**	–
Balance at end of period		**7,869,967**	7,197,369
Accumulated Depreciation			
Balance at beginning of period		**7,197,369**	5,530,318
Depreciation	*10*	**–**	1,667,051
Balance at end of period		**7,197,369**	7,197,369
Net carrying amount		**₱672,598**	₱–

In 2018, the Group entered lease contract with Terrace 28 Corporation for the Group's office and parking space. The term of the lease is for three (3) years starting March 1, 2018 until February 28, 2021. Monthly rental for the Office Space and Parking Space is ₱250,000 and ₱16,050, respectively. This is subject to escalation of 5% commencing on the 3rd year of the lease contract.

On March 1, 2022, the Group renewed the lease contract for two years commencing from March 1, 2022 to February 28, 2024 with quarterly rental of ₱428,200.

12. **Investment Properties**

This account consists of:

	June 30, 2024	December 31, 2023
Primavera Properties:		
Residential	**₱69,497,029**	₱69,497,029
Office	**535,135,158**	535,135,158
Commercial	**145,783,353**	145,783,353
Parking	**20,350,000**	20,350,000
Miramonti Properties:		
Residential	**105,090,426**	105,090,426
Commercial	**229,160,450**	229,160,450
Total	**₱1,105,016,416**	₱1,105,016,416

The movements of this account are as follows:

	Note	**June 30, 2024**	December 31, 2023
Balance at beginning of period		**₱1,105,016,416**	₱882,431,071
Transfers from real estate inventories	*8*	**-**	73,152,899
Transfer to real estate inventories	*8*	**-**	(11,856,000)
Capitalized borrowing cost		**-**	28,149,461
Unrealized gain from fair market value measurement		**-**	236,270,101
Investment property sold		**-**	(103,131,116)
Balance at end of period		**₱1,105,016,416**	₱1,105,016,416

On August 18, 2023 and October 19, 2022, the Group's BOD approved the transfer of commercial units previously classified as real estate inventories to investment properties.

Investment properties consist of residential converted to commercial units, commercial and parking space which are held for leasing.

As at December 31, 2023, the fair value of the properties is based on the valuation performed by an accredited independent valuer. The valuation technique adopted for the measurement of fair value of the investment properties is the sales comparison approach. This is a comparative approach that considers the sale of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. In general, a property being valued is compared with sales of similar properties that have been transacted in the open market.

The fair value hierarchy measurement of the investment properties are as follows:

	Quoted prices in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable input (Level 3)
Investment properties			
Date of valuation: December 31, 2023	₱-	₱-	₱1,037,720,000

There were no transfers between level 1, level 2, and level 3 during the year.

The key assumptions used to determine the fair value of the investment properties and sensitivity analysis are as follows:

Property	Valuation technique	Significant unobservable inputs	Range From	Range To	Relationship of unobservable input to fair value
Primavera Project	Sales Comparison Approach	Unit value (price per square meter)	₱74,000	₱143,000	The higher the price per square meter, the higher the fair value

Property	Valuation technique	Significant unobservable inputs	Range From	Range To	Relationship of unobservable input to fair value
Miramonti Project	Sales Comparison Approach	Unit value (price per square meter)	₱122,000	₱137,000	The higher the price per square meter, the higher the fair value

Expenses incurred in relation to invesment properties amounted to ₱0.7 million and ₱2.33 million for the six-month periods ended June 30, 2024 and 2023, respectively.

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

13. Investment in an Associate

The balances of the Group’s investment in an associate amounted to ₱1,266,205 as at June 30, 2024 and December 31, 2023.

The Group holds a 25% ownership in common shares of Constellation Energy Corporation (CEC) acquired at total costs of ₱5,000,000. CEC was incorporated in the Philippines on June 24, 2008. It is engaged in the development of renewable energy facilities to provide clean sources of power and assure a stable supply of electricity. CEC’s portfolio of projects currently includes projects in Oriental Mindoro and Negros Oriental, some of which are held 100% by Constellation and some under development with key partners.

The associate’s registered principal office is located at Unit 28C BPI-Philamlife Building, 6811, Ayala Avenue, Makati City, Philippines.

The financial statements of CEC are prepared for the same reporting period as that of the Group.

The Group’s share interest in CEC is accounted for using the equity method.

The summarized financial information of CEC as at and for the year ended December 31, 2023 are as follows:

Statements of financial position

Cash	₱548,293
Current assets other than cash	1,053,044
Noncurrent assets	5,242,784
Current liabilities	(1,779,303)
Net assets	₱5,064,818

Statements of comprehensive income

Income	₱74,868
Expenses, net	(5,640,013)
Loss after tax	(₱5,565,145)

Reconciliation of summarized financial information

Reconciliation of the summarized financial information presented to the carrying amount of the Group's interest in an associate, is as follows:

Net asset	₱5,064,818
Company's share of net asset (25% equity interest)	1,266,205
	₱1,266,205

14. Other Noncurrent Assets

The account consists of:

	June 30, 2024	December 31, 2023
Cost to obtain a contract	**₱27,254,777**	₱19,887,301
Security deposits	**7,947,243**	7,906,243
Escrow funds	**5,315,103**	5,315,103
Others	**203,756**	311,866
	₱40,720,879	₱33,420,513

Security deposits pertain mainly to deposit to CEPALCO for installation of 6x250 kilovolt-Ampere (kVA) transformer for Primavera Residences and Primavera City utility and rentals.

Escrow funds pertain to trust fund held for condominium corporations.

15. Trade and Other Current Payables

The account consists of:

	June 30, 2024	December 31, 2023
Trade payables	**₱878,552,681**	₱746,708,434
Government liabilities	**119,819,700**	116,814,034
Miscellaneous fees payable	**42,127,362**	95,190,659
Accruals and other payables	**42,606,460**	43,617,734
	₱1,083,106,203	₱1,002,330,861

Trade payables primarily consist of liabilities to contractors for the costs of development and construction of the Group's real estate projects. Trade and other payables are non-interest bearing and are generally on a 30-60 days term.

Government liabilities pertain to the Group's expanded withholding tax, and other statutory contributions payable.

Miscellaneous fees payable represents amounts collected in advance by the Group from the unit owners which will be used to settle the taxes and fees that will be incurred in the transfer of the condominium title under the name of the unit owners.

Accruals and other payables include advances from buyers and advance rental from leasing services.

16. Lease Liabilities

The Group leases office building and parking space with Terrace 28 Corporation located in BPI Philamlife Building, 6811 Ayala Ave, Makati, Metro Manila without a purchase option. The Group's obligations are secured by the lessors' assets for such leases.

Movements and details of this account are as follows:

	June 30, 2024	December 31, 2023
Balance at beginning of period	**₱-**	₱1,707,221
Additions	**-**	-
Accretion of interest	**-**	6,379
Payments	**-**	(1,713,600)
Balance at end of period	**-**	-
Noncurrent portion	**-**	-
Current portion	**₱-**	₱-

Details of finance cost charged in the consolidated statements of comprehensive income are as follows:

		June 30	
	Note	**2024**	2023
Borrowings	*17*	**₱12,259,016**	₱12,451,566

17. Borrowings

This account consists of outstanding loans as at June 30, 2024 and December 31, 2023.

Movements of this account are as follows:

	June 30, 2024	December 31, 2023
Balance at beginning of period	**₱987,541,269**	₱653,998,895
Payments	**(33,341,847)**	(562,125,820)
Availments	**-**	895,668,194
Balance at end of period	**954,199,422**	987,541,269
Less: Current portion of loans payable	**351,716,489**	431,308,336
Long term portion of loans payable	**₱602,482,933**	₱556,232,933

Details and outstanding balances of loans from local banks follow:

Banking Institution	Purpose	Terms/Maturities	Security/Covenant	Effective interest rate (per annum)	**June 30, 2024**	December 31, 2023
Development Bank of the Philippines (DBP)	Construction of Primavera Twin Tower Project	Interest and principal payable quarterly	Real estate properties	5.5% - 7.5%	**₱344,855,927**	₱572,041,458
Land bank of the Philippines (LBP)	Construction project	Interest and principal payable quarterly	Real estate properties	6% - 6.5%	**536,097,565**	358,394,811
United Coconut Planters Bank (UCPB)	Working capital requirement	Interest payable monthly, principal payable upon maturity	Entered under suretyship	6.0%	**73,245,930**	57,105,000
					₱954,199,422	₱987,541,269

Loans from LBP were used to partially finance the Miramonti project. These loans are secured by real estate mortgage on the Group's land with total area of 2,057 sqm (See Note 8).

Loans from UCPB were obtained to augment working capital requirements. These loans are secured by office units, residential units, and commercial units of Primavera Residences.

Loans from AUB were obtained to finance the development and construction of Primavera City project Phase 2. The loan was paid in 2021.

Loans from DBP were used to partially finance the development and construction of Primavera City project Phase 1 and 2. These loans are secured by real estate mortgage on the Group's land for Primavera City Project with total area of 1,874 sqm (See Note 8).

The Group has neither incurred any default nor were the terms of the loans renegotiated for the six-month periods ended June 30, 2024 and 2023.

The loan agreements contain some or all of the following debt covenants/restrictions: maintenance of current ratios, debt to equity ratios, guarantees or advances; encumbrance for borrowed money, and sale of assets. The debt covenants, restrictions and requirements were complied with by the Group as at June 30, 2024 and December 31, 2023.

18. Retirement Benefit Obligation

The Group's retirement benefit obligation is computed based on the provision of Republic Act (RA) No. 7641. RA No. 7641 shall apply to all employees of at least five (5) years minimum service in the private sector, regardless of their position, designation, or status and irrespective of the method by which their wages are paid.

Pursuant to this provision, a covered employee who retires shall be entitled to retirement pay equivalent to at least one-half (1/2) month salary for every year of service, a fraction of at least six (6) months being considered as one whole year. The Group's accrual of retirement fund is non-trusteed and is unfunded.

The movements in retirement benefit obligation are as follow:

	June 30, 2024	December 31, 2023
Balance at beginning of period	**₱15,349,863**	₱11,036,090
Current service cost	**-**	1,175,429
Interest cost	**-**	667,598
Remeasurement gain	**-**	2,470,746
Balance at end of period	**₱15,349,863**	₱15,349,863

The cumulative remeasurement gain recognized in other comprehensive income follows:

	Accumulated remeasurement gain	Deferred tax asset (liability) *(Note 26)*	Net
Balance at beginning of period	₱3,566,418	(₱891,605)	₱2,674,813
Remeasurement gain	(2,470,746)	617,687	(1,853,059)
Balance at December 31, 2023	₱1,095,672	(₱273,918)	₱821,754
Balance at June 30, 2024	**₱1,095,672**	**(₱273,918)**	**₱821,754**

The assumptions used to determine retirement liability are as follows:

Discount rate	7.29%
Salary increase rate	5.00%

The Group does not expect to pay retirement benefits within 1-10 years.

19. Share Capital

a) Share capital

	June 30, 2024		December 31, 2023	
	No. of Shares	**Amount**	No. of Shares	Amount
Authorized				
Common Shares - ₱0.50 par value per share				
At January 1	**1,300,000,000**	**₱650,000,000**	1,300,000,000	₱650,000,000
Increase	**-**	**-**	-	-
At December 31	**1,300,000,000**	**650,000,000**	1,300,000,000	650,000,000
Preferred Shares - ₱0.50 par value per share	**100,000,000**	**50,000,000**	100,000,000	50,000,000
	1,400,000,000	**₱700,000,000**	1,400,000,000	₱700,000,000
Issued and outstanding				
Common Shares - ₱0.50 par value per share				
At January 1	**629,568,795**	**₱314,784,398**	629,568,795	₱314,784,398
Stock dividends	**-**	**-**	-	-
At December 31	**629,568,795**	**314,784,398**	629,568,795	314,784,398
Preferred Shares - ₱0.50 par value per share				
	629,568,795	**₱314,784,398**	629,568,795	₱314,784,398

b) Additional paid-in capital

Additional paid-in capital arises when the amount subscribed for share capital is in excess of the par value.

The issuance of 57,622,000 shares by way of an IPO on December 7, 2015 resulted to the share premium of ₱162,400,779. Details are as follows:

Gross proceeds		₱207,440,000
Offer expenses		
Underwriting and selling fees for the offer shares	749,456	
Taxes to be paid by the Group	9,742,930	
Philippine SEC filling and legal research fees	41,076	
PSE listing and processing fees inclusive of VAT	3,052,119	
Professional fees	837,996	
Out-of-pocket and other expenses	1,804,644	(16,228,221)
Net proceeds		191,211,779
Share capital		(28,811,000)
Total share premium		₱162,400,779

On January 2016, the Group incurred the amount of ₱5,271,535 additional expenses related to the IPO. These expenses are deducted from the additional paid-in capital account. Additional paid-in capital as at June 30, 2024 and December 31, 2023 amounted to ₱157,129,244.

c) *Details and movements of shares listed with PSE*

As at June 30, 2024 and December 31, 2023, the Group has issued and outstanding common share capital of 629,568,795 amounting to ₱314,784,398.

The details and movement of the shares listed with PSE follows:

Date of SEC approval	Type of issuance	No. of shares issued	Issue/Offer Price
2015	Initial public offering	57,622,000	₱3.60
2017	Stock dividends	26,000,502	0.50
2019	Stock dividends	29,267,876	0.50
2021	Stock dividends	195,383,420	0.50

20. **Related Party Transactions**

The details of the Group's related parties are summarized as follows:

Name of related party	Relationship	Country of incorporation
IDC Homes Inc (formerly LBD Land Corporation)	Subsidiary	Philippines
IDC Prime Inc (formerly IDC Land Corporation)	Subsidiary	Philippines
Prima Management Corporation	Subsidiary	Philippines
Constellation Energy Corporation (CEC)	Associate	Philippines
Primavera Residences Condominium Corporation (PRCC)	Affiliate	Philippines
Individuals	Key management personnel/shareholders	-

CEC is engaged in the development of renewable energy facilities to provide clean sources of power and assure a stable supply of electricity.

PRCC was initially incorporated and registered with SEC to be the Condominium Corporation for the Primavera Residences project. The Group owns certain units at the Primavera residences and participates as a member of the affiliate's BOD.

Outstanding balances and significant transactions with related parties are as follows:

	Advances to related parties		Transactions						Impairment loss (June 30)		Allowance for impairment loss (June 30)	
	June 30, 2024	December 31, 2023	**June 30, 2024**	December 31, 2023	Terms and conditions	Security	Nature of consideration to be provided upon settlement	Guarantees given or received	**2024**	2023	**2024**	2023
Individuals												
Shareholders	**₱19,125,054**	₱27,069,761	**(₱7,944,707)**	₱12,558,803	Subject to liquidation	Unsecured	Cash	None	**₱-**	₱-	**₱-**	₱-

	Advances from related parties		Transactions					
	June 30, 2024	December 31, 2023	**June 30, 2024**	December 31, 2023	Terms and conditions	Security	Nature of consideration to be provided upon settlement	Guarantees given or received
Associate								
CEC	**₱–**	₱15,964,553	**(₱15,964,553)**	**₱–**	Unsecured	Cash	None	Cash

The Group made advances to major stockholders for the purpose of installing facilities in the Group's projects and providing services that would help achieve the Group envisioned project design. These cash advances are non-interest bearing, unsecured and are subject to liquidation upon utilization. Based on management's assessment, there is no indication of impairment and the carrying values of these advances to shareholders are deemed realizable as at June 30, 2024 and December 31, 2023.

Key management compensation amounted to ₱7.1 million and ₱6.3 million for the six-month periods ended June 30, 2024 and 2023, respectively. There are no long-term compensation and post-employment and termination benefits of key management personnel.

21. **Net Sales**

The Group derives revenue from transfer of goods over time and at a point in time in different geographical locations. The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

	June 30	
Geographical location	**2024**	2023
Cagayan De Oro	**₱99,033,302**	₱173,854,073
Batangas	**20,156,119**	27,063,469
	₱119,189,421	₱200,917,542

Revenue recognized from sale of real estate:

	June 30	
	2024	2023
Overtime	**₱77,518,491**	₱151,204,125
Point in time	**41,670,930**	49,713,417
	₱119,189,421	₱200,917,542

The transaction price allocated to the remaining performance obligations are expected to be recognized within three to five years, from start of construction.

22. **Cost of Sales**

The account consists of:

	June 30	
	2024	2023
Completed units	**₱8,650,393**	₱21,485,102
Uncompleted units	**40,663,694**	76,996,172
	₱49,314,087	₱98,481,274

Cost of condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus full development costs, which include estimated costs for future development as determined by the Group.

23. **General and Administrative Expenses**

This account consists of:

		June 30	
	Note	**2024**	2023
Salaries and employees' benefits		**₱31,722,522**	₱27,512,160
Professional fees		**4,975,516**	11,339,525
Advertising and promotion		**2,424,404**	2,936,567
Transportation		**2,272,683**	1,450,308
Taxes and licenses		**1,921,330**	14,808,278
Representation		**1,710,999**	978,877
Dues and subscriptions		**1,708,811**	887,723
Commissions		**1,686,846**	2,220,340
Utilities		**1,439,325**	2,314,659
Insurance		**1,087,453**	523,381
Depreciation and amortization	*10*	**596,607**	1,864,655
Office supplies		**531,861**	611,031
Repairs and maintenance		**401,069**	260,760

(Forwarded)

		June 30	
		2024	2023
Sponsorship and donation		**₱219,564**	₱35,022
Trainings and seminars		**118,179**	27,705
Contractual services		**23,239**	181,934
Others		**2,280,120**	3,190,575
		₱55,120,528	₱71,143,500

24. **Other Operating Income, Net**

The account consists of:

		June 30	
	Note	**2024**	2023
Rental income	*25*	**₱–**	**₱–**
Others		**2,543,406**	**2,384,744**
		₱2,543,406	**₱2,384,744**

Others pertain mainly to forfeited collections from cancelled sales.

25. **Commitments and Contingencies**

Leases

Company as lessee

The Group rents its office located at Unit 28C, 28th Floor, BPI Philam-Life Building, 6811 Ayala Avenue, Makati City together with two parking slots in the building.

The lease is for a period of two years commencing from March 1, 2022 to February 28, 2024 with quarterly rent of ₱428,200.

Right of use assets and lease liabilities recognized are disclosed in Notes 11 and 16, respectively.

Company as Lessor

The Group entered into lease agreements with third parties covering its investment property portfolio. These leases generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher.

Rental income on these operating leases for the six-month periods ended June 30, 2024 and 2023 are disclosed in Note 24.

Subcontractors

The Group entered into various subcontractors agreement for the supply of goods and services related to the development and construction of its real estate projects. The Group made advances to its suppliers to mobilize the construction activities.

26. **Income Taxes**

Corporate Recovery and Tax Incentives for Enterprises or "CREATE" Act
On March 26, 2021, the President signed into law Republic Act No. 11534 or the CREATE Act. The law, which became effective on April 11, 2021, introduces reforms to corporate income taxes and incentive systems in the country by implementing certain changes to the current tax regulations.

The CREATE Act resulted to the reduction of the Group's tax rate from 30% to 25% and MCIT from 2% to 1% of gross income for 3 years effective July 1, 2020.

The income tax expense consists of:

	June 30	
	2024	2023
Current	**₱2,280,765**	₱8,897,713
Deferred	**–**	2,514,110
	₱2,280,765	₱11,411,823

The current provision for corporate income tax for the six-month periods ended June 30, 2024 and 2023 represents regular corporate income tax.

Reconciliation between the provision for income tax at the statutory tax rate and the actual provision for income tax for the six-month ended June 30, 2024 and 2023 is as follows:

	June 30	
	2024	2023
Income before income tax	**₱5,659,757**	₱21,366,640
Statutory income tax at statutory tax rate	**₱1,414,939**	5,341,660
Tax effects of:		
Non-deductible expenses	**865,826**	6,105,337
Income subject to final tax	**-**	(35,174)
	₱2,280,765	₱11,411,823

The components of deferred tax assets as at June 30, 2024 and December 31, 2023 are as follow:

	June 30, 2024	December 31, 2023
Deferred tax assets		
Capitalized commission net of amortization	**₱12,016,920**	₱12,016,920
Retirement benefit obligation	**3,837,467**	3,837,467
Gross profit on advances	**275,278**	275,278
	₱16,129,665	₱16,129,665
Deferred tax liabilities		
Unrealized gain on fair value of investment properties	**₱170,905,128**	₱170,905,128
Difference between tax and book basis for real estate transactions	**72,182,676**	72,182,676
Capitalized interest (borrowing cost)	**21,651,091**	21,651,091
	₱264,738,895	₱264,738,895

27. Operating Segment

The Group is organized into one reportable segment which is the development and sale of real estate. The Group also has one geographical segment and derives all its revenues from domestic operations. All the Group's activities are interrelated, and each activity is dependent on the other. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial information about the sole business segment is equivalent to the consolidated financial statements of the Group.

28. **Earnings per Share**

The financial information pertinent to the derivation of the basic and diluted earnings per share for the six-months period ended June 30, 2024 and 2023 are as follows:

	June 30	
	2024	2023
Net income for the year	**₱3,378,992**	₱9,954,817
Weighted average number of shares outstanding used for computation of diluted income per share	**629,568,795**	629,568,795
Basic earnings per share	**₱0.005**	₱0.016
Diluted earnings per share	**₱0.005**	₱0.016

Basic earnings per share are calculated by dividing net income for the period by the weighted average number of ordinary shares outstanding during the period.

The Group has no dilutive potential ordinary shares for the six-month periods ended June 30, 2024 and 2023.

The average number of shares outstanding used for the computation of basic earnings per share and diluted earnings per share amounted to 629,568,795 for the six-month periods ended June 30, 2024 and 2023.

29. **Supplemental Information on the Computation of Earnings Before Interests, Taxes, Depreciation, and Amortization (EBITDA)**

Computation of EBITDA for the six-months ended June 30, 2024 and 2023 is as follows:

	June 30	
	2024	2023
Net income	**₱3,378,992**	₱9,954,817
Add: Finance cost	**12,259,016**	12,451,566
Provision for income tax	**2,280,765**	11,411,823
Depreciation and amortization	**596,607**	1,864,655
Finance income	**(620,560)**	(140,694)
	₱17,894,819	₱35,542,167

30. **Financial Instruments**

The following table shows the classification, carrying values and fair values of the Group's financial assets and financial liabilities as at June 30, 2024 and December 31, 2023:

	June 30, 2024		December 31, 2023	
	Carrying value	**Fair value**	Carrying value	Fair value
Financial assets				
Financial assets at amortized costs				
Cash	**₱243,035,022**	**₱243,035,022**	₱231,700,530	₱231,700,530
Contract assets	**880,597,057**	**880,597,057**	848,790,926	848,790,926
Trade and other receivables*	**332,279,461**	**332,279,461**	346,685,097	346,685,097
Advances to related parties	**19,125,054**	**19,125,054**	27,069,761	27,069,761
	₱1,475,036,594	**₱1,475,036,594**	₱1,454,246,314	₱1,454,246,314
Financial liabilities				
Financial liabilities at amortized costs				
Trade and other payables**	**₱974,162,577**	**₱974,162,577**	₱1,002,330,861	₱1,002,330,861
Advances from related parties	**–**	**–**	15,964,553	15,964,553
Borrowings	**954,199,422**	**954,199,422**	987,541,269	987,541,269
	₱1,928,361,999	**₱1,928,361,999**	₱2,005,836,683	₱2,005,836,683

** Exclusive of advances subject to liquidation, advances to suppliers and contractors, advances to employees, and advances for land acquisition*
*** Exclusive of government liabilities*

The table below shows the fair value measurement hierarchy of financial instruments which are not measured at fair value but for which carrying amounts are disclosed as close approximation of fair values:

	June 30, 2024		
	Quoted prices in active market (Level 1)	**Significant observable input (Level 2)**	**Significant unobservable input (Level 3)**
Financial assets			
Financial assets at amortized costs			
Cash	**₱-**	**₱-**	**₱243,035,022**
Contract assets	-	-	**880,597,057**
Trade and other receivables	-	-	**332,279,461**
Advances to related parties	-	-	**19,125,054**
	₱-	**₱-**	**₱1,475,036,594**

	June 30, 2024		
	Quoted prices in active market (Level 1)	**Significant observable input (Level 2)**	**Significant unobservable input (Level 3)**
Financial liabilities			
Financial liabilities at amortized costs			
Trade and other payables	**₱-**	**₱-**	**₱974,162,577**
Advances from related parties	-	-	**–**
Borrowings	-	-	**954,199,422**
	₱-	**₱-**	**₱1,928,361,999**

	December 31, 2023		
	Quoted prices in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable input (Level 3)
Financial assets			
Financial assets at amortized costs			
Cash	₱-	₱-	₱231,700,530
Contract assets	-	-	848,790,926
Trade and other receivables	-	-	346,685,097
Advances to related parties	-	-	27,069,761
	₱-	₱-	₱1,454,246,314
Financial liabilities			
Financial liabilities at amortized costs			
Trade and other payables	₱-	₱-	₱1,002,330,861
Advances from related parties	-	-	15,964,553
Borrowings	-	-	987,541,269
	₱-	₱-	₱2,005,836,683

The fair value of financial instruments is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation or sale.

Cash, contract assets, trade and other receivables, advances to related parties, advances from related parties, and trade and other payables. The carrying amounts approximate their fair values due to the short-term maturities of these financial instruments.

Borrowings. The carrying amount approximates the fair value because these are interest-bearing loans at market rate.

31. Financial and Capital Risk Management, Objectives and Policies

General objectives, policies and processes
The BOD has overall responsibility and authority for the determination of the Group's risk management objectives and policies and designing and operating processes that ensure the effective implementation of such objectives and policies. The BOD has constituted certain committees to effectively manage the operations of the Group. The Group’s principal committees of the BOD include the Audit Committee, the Nomination Committee, and the Compensation and Remuneration Committee.

Financial risk management objectives and policies
The Group is exposed through its operations to market risk, credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial performance.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The policies for managing specific risks are summarized below:

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk as the Group's borrowings are subject to quarterly repricing scheme based on market rates.

Interest rate sensitivity analysis

The outstanding balances and closing interest rates of the Group's borrowings maturing on the succeeding financial period as at June 30, 2024 and December 31, 2023 are as follows:

	June 30, 2024	December 31, 2023
Borrowings	**₱351,716,489**	₱431,308,336
Interest rate	**6.67%**	6.67%

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings, with all other variables held constant, of the Group's profit before tax.

	Change in interest rates	Effect on profit before tax
June 30, 2023	-3%	₱215,762
	+3%	(215,762)
December 31, 2023	-3%	₱863,048
	+3%	(863,048)

The assumed movement in interest rates for the interest rate sensitivity analysis is based on the management's assessment of the reasonably possible change in interest rates during the years presented.

ii. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The receivable balances are monitored on an ongoing basis with the result that the Group's exposure to impairment is not significant. The Group does not offer credit terms without the specific approval of the management. There is no significant concentration of credit risk.

Customer credit risk is managed by managing and analyzing the credit risk for each new customer before standard payment and delivery terms and conditions are offered. The Group's policy is to deal only with creditworthy customers, tenants and counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk. Outstanding receivables are regularly monitored.

In the Group's real estate business, title to the property is transferred only upon full payment of the purchase price. Credit risk for installment contracts receivable is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the condominium unit in case of refusal by the buyer to pay on time the due installment contracts receivable. This risk is further mitigated because the corresponding title to the condominium units sold under this arrangement is transferred to the buyers only upon full payment of the contract price and the requirement for remedial procedures is minimal given the profile of the buyers. The credit quality of the Group's financial assets that are neither past due nor impaired is considered to be good quality and expected to be collectible without incurring any credit losses. The Group's primary target customers are high-income individuals and top corporations, in the Philippines and overseas. These measures minimize the credit risk exposure or any margin loss from possible default in the payments of installments.

Receivables from sale of real estate units are secured with pre-completed property units. The legal title and ownership of these units will only be transferred to the customers upon full payment of the contract price. For other receivables, since the Group trades only with recognized third parties, there is no requirement for collateral.

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants. For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of paying capacity.

The following table provides information regarding the maximum credit risk exposure of the Group arising from its principal financial assets as at June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
At amortized cost		
Cash in banks	**₱243,035,022**	₱231,700,530
Contract assets	**880,597,057**	848,790,926
Trade and other receivables*	**332,279,461**	346,685,097
Advances to related parties	**19,125,054**	27,069,761
	₱1,475,036,594	₱1,454,246,314

**Exclusive of advances subject to liquidation, advances to suppliers and contractors, advances to employees, and advances for land acquisition*

The following table provides information regarding the Group's analysis of the age of financial assets by class as at the reporting date:

	At June 30, 2024					
	Cash in banks	**Contract Assets**	**Trade and other receivables***	**Other noncurrent assets****	**Advances to related parties**	**Total**
Neither past due nor impaired	**₱243,035,022**	**₱ 764,472,142**	**₱332,279,461**	**₱–**	**₱19,125,054**	**₱1,358,911,679**
Past due but not impaired						
1-30 days	**-**	**32,794,353**	**-**	**-**	**-**	**32,794,353**
31-60 days	**-**	**40,656,876**	**-**	**-**	**-**	**40,656,876**
Over 60 days	**-**	**42,673,685**	**-**	**-**	**-**	**42,673,685**
Impaired	**-**	**-**	**-**	**-**	**-**	**-**
	₱243,035,022	**₱880,597,056**	**₱332,279,461**	**₱–**	**₱19,125,054**	**₱1,475,036,593**

** Exclusive of advances subject to liquidation, advances to suppliers and contractors, advances to employees, and advances for land acquisition*
*** Pertains to security deposits*

	At December 31, 2023					
	Cash in banks	Contract Assets	Trade and other receivables*	Other noncurrent assets**	Advances to related parties	Total
Neither past due nor impaired	₱230,300,530	₱736,860,306	₱313,535,019	₱13,221,346	₱27,069,761	₱1,320,986,962
Past due but not impaired						
1-30 days	-	31,609,860	-	-	-	31,609,860
31-60 days	-	39,188,398	-	-	-	39,188,398
Over 60 days	-	41,132,362	-	-	-	41,132,362
Impaired	-	-	-	-	-	-
	₱230,300,530	₱848,790,926	₱313,535,019	₱13,221,346	₱27,069,761	₱1,432,917,582

** Exclusive of advances subject to liquidation, advances to suppliers and contractors, advances to employees, and advances for land acquisition*
*** Pertains to security deposits and escrow funds*

Credit quality per class of financial assets

The Group's bases in grading its financial assets are as follows:

High grade - These are receivables which have a high probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on receivables are readily enforceable).

Standard grade - These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but have been outstanding for a certain period of time.

Substandard grade - These are receivables that can be collected provided the Group makes persistent effort to collect them.

The table below shows the credit quality by class of financial assets (gross of allowance for credit losses) of the Group based on their historical experience with the corresponding third parties:

	At June 30, 2024					
	Cash in banks	**Contract assets**	**Trade and other receivables**	**Other noncurrent assets**	**Advances to related parties**	**Total**
High grade	**₱243,035,022**	**₱880,597,056**	**₱332,279,461**	**₱–**	**₱19,125,054**	**₱1,475,036,594**
Standard grade	**-**	**-**	**-**	**-**	**-**	**-**
Impaired	**-**	**-**	**-**	**-**	**-**	**-**
	₱243,035,022	**₱880,597,056**	**₱332,279,461**	**₱–**	**₱19,125,054**	**₱1,475,036,594**

	At December 31, 2022					
	Cash in banks	Contract assets	Trade and other receivables	Other noncurrent assets	Advances to related parties	Total
High grade	₱230,300,530	₱736,860,306	₱313,535,019	₱13,221,346	₱27,069,761	₱1,320,986,962
Standard grade	-	-	-	-	-	-
Impaired	-	-	-	-	-	-
	₱230,300,530	₱736,860,306	₱313,535,019	₱13,221,346	₱27,069,761	₱1,320,986,962

The credit quality of the Group's financial assets is evaluated using internal credit rating. Financial assets are considered as high grade if the counterparties are not expected to default in settling their obligations, thus credit risk exposure is minimal. These counterparties include banks, customers and related parties who pay on or before due date.

The Group has no financial assets whose terms have been renegotiated.

iii. Liquidity risk

This represents the risk or difficulty in raising funds to meet the Group's commitment associated with financial obligation and daily cash flow requirement. The Group is exposed to the possibility that adverse exchanges in the business environment and/or its operations would result to substantially higher working capital requirements and the subsequent difficulty in financing additional working capital.

The Group's approach to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed. Also, the Group addresses liquidity concerns primarily through cash flows from operations and short-term borrowings, if necessary. The Group likewise regularly evaluates other financing instruments to broaden the Group's range of financing sources.

<u>Capital management</u>

The Group's capital management objectives are as follows:

- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other shareholders; and
- to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future business developments.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group is subject to externally imposed capital requirement due to loan covenants. No changes were made in the objectives, policies, or processes for managing capital during the periods ended June 30, 2024 and December 31, 2023.

ITALPINAS DEVELOPMENT CORPORATION AND SUBSIDIARIES

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
AS AT JUNE 30, 2024

SCHEDULE I. RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

Unappropriated Retained Earnings, *as adjusted to available for dividend distribution, Beginning*		**₱477,996,040**
Add: Net income actually earned/realized during the period		
Net income during the period closed to Retained Earnings		**3,378,992**
Less: Non-actual/unrealized income		
Unrealized foreign exchanges gain-net (except those attributable to	-	
Unrealized actuarial gain	-	
Fair value adjustment (M2M gains)	-	
Fair value adjustment of Investment Property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP-gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Sub-total		-
Add: Non-actual losses		
Equity in net loss of associate/joint venture	-	
Amortization of cost to obtain contract	-	
Depreciation on revaluation increment (after tax)	-	
Loss on fair value adjustment of investment	-	
Sub-total		-
Net income (loss) actually earned (incurred) during the period		**3,378,992**
Add (less)		
Dividend declared during the period	-	
Appropriation of Retained Earnings during the period	-	
Reversal of appropriation	-	
Effects of prior period adjustments	-	
Treasury shares	-	
Sub-total		-
Total retained earnings, end available for dividends		**₱481,375,032**

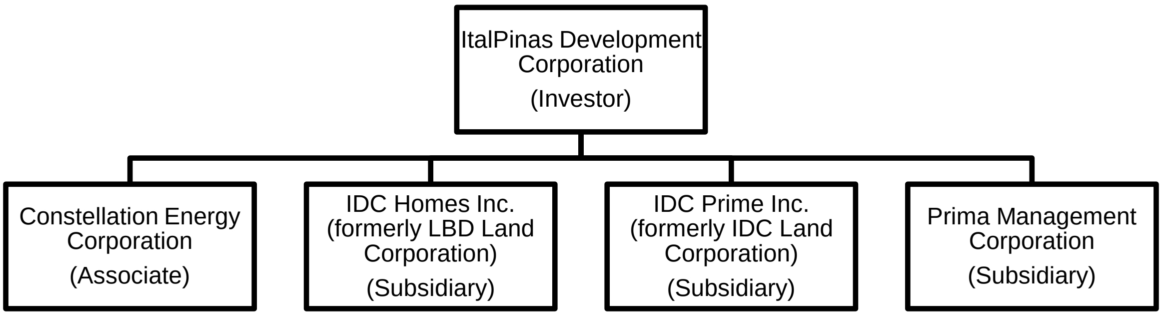
ITALPINAS DEVELOPMENT CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR 6 PART II OF THE REVISED SRC RULE 68

Supplementary Schedules

A.	Map of the Group	Applicable (See Schedule I)
B.	Financial Assets	Applicable (See Schedule II)
C.	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Shareholders (Other than Related Parties)	Applicable (See Schedule III)
D.	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	Applicable (See Schedule IV)
E.	Intangible Assets – Other Assets	Not Applicable
F.	Long-term debt	Applicable (See Schedule V)
G.	Indebtedness to Related Parties (Long-Term Loans from Related Companies)	Not Applicable
H.	Guarantees of Securities of Other Issuers	Not Applicable
I.	Share Capital	Applicable (See Schedule VI)
J.	Schedule of financial soundness indicators in two comparative Periods	Applicable (See Schedule VII)

Schedule I. Map of Group of Companies



Schedule II. Financial Assets

Financial asset	Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the consolidated statements of financial position	Fair value based on its carrying amount at end of reporting period	Fair value based on approximate discounted value of future cash flows at end of reporting period	Value based on market quotation at end of reporting period	Income received	Income accrued
Cash on hand and in banks	Not applicable	Not applicable	**₱243,035,022**	**₱243,035,022**	Not applicable	Not applicable	**₱620,560**	₱-
Contract assets	Not applicable	Not applicable	**880,597,057**	**880,597,057**	Not applicable	Not applicable	**-**	-
Trade receivables and other receivables*	Not applicable	Not applicable	**356,685,753**	**356,685,753**	Not applicable	Not applicable	**-**	-
Advances to related parties	Not applicable	Not applicable	**19,125,054**	**19,125,054**	Not applicable	Not applicable	**-**	-
			₱1,499,442,886	**₱1,499,442,886**			**₱620,560**	₱-

** Exclusive of advances subject to liquidation, advances to suppliers and contractors, advances to employees, and advances for land acquisition*

Schedule III. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Shareholders (Other than Related Parties)

Name and designation of debtor	Type of Receivable	Balance at beginning of period	Additions	Amounts collected	Amounts offset	Amounts written-off	Current	Noncurrent	Balance at end of period
Shareholders	Advances	**₱15,964,553**	**(₱15,964,553)**	**₱–**	**₱–**	**₱–**	**₱–**	**-**	**₱–**

Schedule IV. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

Name and designation of debtor	Type of Receivable	Balance at beginning of period	Additions	Amounts collected	Amounts offset	Amounts written-off	Current	Noncurrent	Balance at end of period
IDC Homes Inc (formerly LBD Land Corporation)	Advances	**₱6,519,255**	**₱23,086,897**	**₱-**	**₱-**	**₱-**	**₱29,606,152**	**₱-**	**₱29,606,152**
IDC Prime Inc (formerly IDC Land Corporation)	Advances	**79,605,122**	**22,751,999**	**-**	**-**	**-**	**102,357,121**	**-**	**102,357,121**
Prima Management Corporation	Advances	**1,014,652**	**2,305,730**	**-**	**-**	**-**	**3,320,382**	**-**	**3,320,382**
		₱80,619,774	**₱25,057,729**	**₱-**	**₱-**	**₱-**	**₱105,677,503**	**₱-**	**₱105,677,503**

Schedule V. Long – term debt

Banking institution	Annual interest rate	Terms	Security	Maturity date	**June 30, 2024**	December 31, 2023
Development Bank of the Philippines (DBP)	5.50% to 5.75%	3 months to 5 years	Real estate properties	Up to 12/07/2025	**₱344,855,927**	₱ 572,041,458
United Coconut Planters Bank (UCPB)	6.00% to 7.95%	6 months	Suretyship	Up to 05/26/2023	**73,245,930**	57,105,000
Security Bank	7.00% to 8.81%	3 months to 5 years	Autoloan	Up to 03/20/2024	**–**	–
Land Bank of the Philippines	6.00% to 8.25%	180 days to 6 years	Term loan	Up to 08/01/2025	**536,097,565**	358,394,811
					₱954,199,422	₱987,541,269

Schedule VI. Share Capital

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related consolidated statements of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	**1,300,000,000**	**629,568,795**	**-**	**-**	**360,133,581**	**269,435,214**
Preferred shares	**100,000,000**	**-**	**-**	**-**	**-**	**-**
Totals	**1,400,000,000**	**629,568,795**	**-**	**-**	**360,133,581**	**269,435,214**

Schedule VII. Schedule of financial soundness indicators for two comparative periods

	June 30, 2024	June 30, 2023
Current/Liquidity Ratio		
Current ratio	**1.54**	1.39
Solvency Ratio/Debt-to-Equity Ratio		
Net debt-to-equity ratio	**2.12**	2.13
Asset-to-Equity Ratio		
Net assets per share	**1.99**	1.71
Profitability Ratios		
Gross profit ratio	**59%**	59%
EBITDA	**₱17,894,819**	₱9,632,983
Other Ratios		
Basic earnings per share	**₱0.005**	₱0.016
Diluted earnings per share	**₱0.005**	₱0.016

From: <eafs@bir.gov.ph>
Date: Mon, Apr 15, 2024 at 2:41 PM
Subject: Your BIR AFS eSubmission uploads were received
To: <TAXANDCOMPLIANCE@italpinas.com>
Cc: <TAXANDCOMPLIANCE@italpinas.com>

Hi ITALPINAS DEVELOPMENT CORPORATION,

Valid files

- EAFS007213353TCRTY122023-01.pdf
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Transaction Code: **AFS-0-7D566HGE04RTMVYN4PMYPQZP30PXPTWV2T**
Submission Date/Time: **Apr 15, 2024 02:41 PM**
Company TIN: **007-213-353**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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The following document has been received:

Receiving: JAYSON ALDAY
Receipt Date and Time: April 15, 2024 03:16:29 PM

Company Information

SEC Registration No.: CS200900917
Company Name: ITALPINAS DEVELOPMENT CORPORATION
Industry Classification: K70000
Company Type: Stock Corporation

Document Information

Document ID: OST10415202482199678
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2023
Submission Type: Consolidated
Remarks: None

Acceptance of this document is subject to review of forms and contents

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	9	0	0	9	1	7

C O M P A N Y   N A M E

ITALPINAS DEVELOPMENT CORPORATION AND
SUBSIDIARIES

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

UNIT 28C BPI PHILAMLIFE BUILDING, 6811
AYALA AVE, MAKATI, METRO MANILA
PHILIPPINES

Form Type	Department requiring the report	Secondary License Type, If Applicable
AASFS	CRMD	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@italpinas.com	(02) 893-0328	09178614041

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
11	Last Monday of March	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mary Ann Lopez	ann@italpinas.com	(02) 893-0328	09178614041

CONTACT PERSON'S ADDRESS

Unit 28C BPI Philamlife Building, 6811 Ayala Ave, Makati, Metro Manila

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2: *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

ITALPINAS DEVELOPMENT CORPORATION AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED FINANCIAL STATEMENTS (AFS)
DECEMBER 31, 2023 AND 2022

Consolidated Financial Statements

Statement of Management's Responsibility for Consolidated Financial Statements as at and for the year ended December 31, 2023, 2022 and 2021

Independent Auditor's Report dated April 12, 2024

Consolidated Statements of Financial Position as at December 31, 2023 and 2022

Consolidated Statements of Comprehensive Income for the years ended December 31, 2023, 2022 and 2021

Consolidated Statements of Changes in Equity for the years ended December 31, 2023, 2022 and 2021

Consolidated Statements of Cash Flows for years ended December 31, 2023, 2022 and 2021

Notes to the Consolidated Financial Statements as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021

IDC™ Italpinas Development Corporation
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EST. 2009

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Management of **Italpinas Development Corporation and Subsidiaries** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

Roxas Tabamo & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

ROMOLO NATI
Chairman/
Chief Executive Officer
TIN: 415-349-516

JOSE D. LEVISTE III
President
TIN: 302-901-118

MARY ANN B. LOPEZ
VP for Finance and Admin
TIN: 103-092-794

Signed this 12th day of April 2024.

IDC™ Italpinas Development Corporation
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EST. 2009

ACKNOWLEDGEMENT

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

APR 17 2024

SUBSCRIBED AND SWORN to before me on this___day of_____________, at_______CITY OF MANILA by the above-named persons who exhibited to me their respective TIN Cards referred to above.

NOTARY PUBLIC

ATTY. JOHN EDWARD TRINIDAD ANG
Notary Public for City of Manila-Until Dec. 31, 2024
Notarial Commission No. 2023-091
2ND Floor Midland Plaza Hotel, Adriatico St., Ermita, Mla.
I.B.P NO. 393411-Jan. 3, 2024
P.T.R. NO. 1535424 Jan. 3, 2024 at Manila
ROLL No. 68731/MCLE Compliance No. VII-0011575-04/14/2025

Doc. No. 397
Page No. 81
Book No. LXV
Series of 2024

MOORE Roxas Tabamo & Co.

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roxastabamo.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
Italpinas Development Corporation
Unit 28C BPI Philamlife Building
6811 Ayala Avenue, Makati
Philippines

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Italpinas Development Corporation and its Subsidiaries** ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of financial reporting relief issued and approved by the Philippine Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements which indicates that the consolidated financial statements have been prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2023 consolidated financial statements are discussed in detail in Note 3. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a consolidated opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Real Estate Revenue Recognition

The Group recognized revenue amounting to ₱294.83 million from real estate sales using the percentage of completion (POC) method for the year ended December 31, 2023.

We focused our audit on the real estate revenue recognition as significant judgment is required when estimating total project costs and the estimated costs to complete the real estate projects that are used to determine POC at the end of the reporting period and recognition of cost to obtain a contract. This is significant to our audit as the amount of revenue from real estate sales for the year ended December 31, 2023 is material to the consolidated financial statements. The significant judgments applied, and estimates used by management related to revenue recognition are disclosed in Note 4 to the consolidated financial statements.

Our procedures include an understanding of the relevant processes and controls over the accounting for customer contracts and project reviews performed by management. We examined revenue reported to supporting documentations on a sample basis, validated estimates of costs to complete, and tested the mathematical accuracy of calculations and the adequacy of project accounting. For the recognition of cost to obtain a contract, we obtained an understanding of the sales commission process. For selected contracts, we agreed the basis for calculating the sales commission capitalized and the portion recognized in profit or loss, particularly: (a) the percentage of commission due against contracts with sales agents, (b) the total commissionable amount (i.e., net contract price) against the related contract to sell, and (c) the POC against the POC used in recognizing the related revenue from real estate sales.

Valuation of Investment Properties

As at December 31, 2023, the Group owns a portfolio of investment properties amounting to ₱1.11 billion, comprising of mixed-use residential and commercial development projects. Investment properties are stated at their fair values based on independent external valuations.

This area is significant to our audit because the determination of fair values of these properties involves significant judgment and estimations. The valuation also requires the assistance of external appraiser whose calculations also depend on certain assumptions such as sales and listing of comparable properties registered within the vicinity, adjustments to sales price, market rent levels, forecast period based on internal and external factors.

We evaluated the qualifications of the external appraiser by considering its qualifications, experience and reporting responsibilities. We considered the valuation methodologies used against those applied by other appraisers for similar property types. We also considered other alternative valuation methods. We tested the reliability of inputs used in the valuation to supporting documents. We corroborated the inputs such as the capitalization rate, discount rate and price, taking into consideration comparability and market factors.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Warren M. Urriza.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ROXAS TABAMO & CO.

Warren M. Urriza

Warren M. Urriza
Partner
CPA Certificate No. 0106419
Tax Identification No. 246-618-368
BIR Accreditation No. 08-001682-017-2022, issued on January 5, 2022,
effective until January 4, 2025
PTR No. 10079596, issued on January 5, 2024, Makati City

April 12, 2024
Makati City

ITALPINAS DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	Note	**2023**	2022
ASSETS			
Current Assets			
Cash	*5*	**₱231,700,530**	₱79,535,361
Contract assets	*6*	**848,790,926**	790,641,788
Trade and other current receivables	*7*	**346,685,097**	218,166,394
Inventories	*8*	**811,672,928**	673,724,765
Advances to related parties	*18*	**27,069,761**	39,575,223
Other current assets	*9*	**286,737,184**	207,893,472
Total Current Assets		**2,552,656,426**	2,009,537,003
Noncurrent Assets			
Property and equipment, net	*10*	**12,721,881**	12,831,525
Right-of-use asset	*24*	**-**	1,667,051
Investment properties	*11*	**1,105,016,416**	882,431,071
Deferred tax assets	*25*	**16,129,665**	13,265,113
Investments in an associate	*12*	**1,266,205**	2,657,491
Other noncurrent assets	*13*	**33,420,513**	36,751,778
Total Noncurrent Assets		**1,168,554,680**	949,604,029
		₱3,721,211,106	₱2,959,141,032

LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other current payables	*14*	**₱1,002,330,861**	₱958,316,380
Contract liabilities	*6*	**184,525,907**	50,513,441
Lease liabilities, current portion	*24*	**-**	1,707,221
Borrowings, current portion	*15*	**431,308,336**	317,690,493
Advances from related parties	*18*	**15,964,553**	15,511,045
Income tax payable		**28,322**	76,622
Total Current Liabilities		**1,634,157,979**	1,343,815,202
Noncurrent Liabilities			
Borrowings, net of current portion	*15*	**556,232,933**	336,308,402
Deferred tax liabilities	*25*	**264,738,895**	204,229,043
Retirement benefit obligation	*16*	**15,349,863**	11,036,090
Total Noncurrent Liabilities		**836,321,691**	551,573,535
Total Liabilities		**2,470,479,670**	1,895,388,737
Equity			
Share capital	*17*	**314,784,398**	314,784,398
Additional paid-in capital	*17*	**157,129,244**	157,129,244
Retained earnings	*17*		
Appropriated		**300,000,000**	300,000,000
Unappropriated		**477,996,040**	289,163,840
Other comprehensive income	*16*	**821,754**	2,674,813
Total Equity		**1,250,731,436**	1,063,752,295
		₱3,721,211,106	₱2,959,141,032

See Notes to the Consolidated Financial Statements.

ITALPINAS DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Note	**2023**	2022	2021
Net revenue	*19*	**₱297,646,427**	₱190,777,686	₱186,126,971
Cost of sales and services	*20*	**(132,688,677)**	(89,505,976)	(78,275,545)
Gross profit		**164,957,750**	101,271,710	107,851,426
General and administrative expenses	*21*	**(153,115,604)**	(106,858,855)	(120,989,204)
Finance costs	*15*	**(4,745,527)**	(16,997,108)	(23,696,366)
Share in net loss from an investment in an associate	*12*	**(1,391,286)**	(1,126,939)	(1,205,020)
Finance income	*22*	**552,374**	493,548	42,873
Other operating income, net	*23*	**253,234,596**	183,761,555	155,817,152
INCOME BEFORE INCOME TAX		**259,492,303**	160,543,911	117,820,861
INCOME TAX EXPENSE	*25*	**(70,660,103)**	(41,658,034)	(1,388,793)
NET INCOME		**188,832,200**	118,885,877	116,432,068
OTHER COMPREHENSIVE INCOME				
Not to be reclassified to profit or loss – Remeasurement gain (loss) on retirement liability (net of tax)	*16*	**(1,853,059)**	1,034,879	1,639,934
TOTAL COMPREHENSIVE INCOME		**₱186,979,141**	₱119,920,756	₱118,072,002
ATTRIBUTABLE TO:				
Parent Company		**₱186,979,141**	₱119,920,756	₱118,072,002
BASIC AND DILUTED EARNINGS PER SHARE	*27*	**₱0.30**	₱0.19	₱0.18

See Notes to the Consolidated Financial Statements.

ITALPINAS DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Note	**2023**	2022	2021
SHARE CAPITAL	*17*	**₱314,784,398**	₱314,784,398	₱314,784,398
ADDITIONAL PAID-IN CAPITAL	*17*	**157,129,244**	157,129,244	157,129,244
RETAINED EARNINGS	*17*			
Unappropriated				
Balance at beginning of year		**289,163,840**	470,277,963	451,537,605
Appropriation		**-**	(300,000,000)	-
Net income		**188,832,200**	118,885,877	116,432,068
Stock dividends declared		**-**	-	(97,691,710)
Balance at end of year		**477,996,040**	289,163,840	470,277,963
Appropriated				
Balance at beginning of year		**300,000,000**	-	-
Appropriation		**-**	300,000,000	-
Balance at end of year		**300,000,000**	300,000,000	-
		777,996,040	589,163,840	470,277,963
OTHER COMPREHENSIVE INCOME				
Remeasurement gain on retirement liability	*16*			
Balance at beginning of year		**2,674,813**	1,639,934	-
Remeasurement gain (loss) for the year		**(1,853,059)**	1,034,879	1,639,934
Balance at end of year		**821,754**	2,674,813	1,639,934
TOTAL EQUITY		**₱1,250,731,436**	₱1,063,752,295	₱943,831,539

See Notes to the Consolidated Financial Statements.

ITALPINAS DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Notes	**2023**	2022	2021
Cash flows from operating activities				
Income before tax		**₱259,492,303**	₱160,543,911	₱117,820,861
Adjustments for:				
Gain on change in fair value of investment properties	*11,23*	**(236,270,101)**	(101,785,299)	(165,768,740)
Cost to obtain amortization	*13,20*	**14,895,074**	(4,930,525)	9,856,276
Loss (gain) on sale of investment properties	*11,23*	**(10,064,737)**	(47,761,760)	18,239,433
Finance costs	*15*	**4,745,527**	16,997,108	23,696,366
Depreciation and amortization	*10,21*	**4,210,854**	5,380,599	5,686,541
Retirement benefit cost	*16*	**1,843,027**	1,700,864	1,467,035
Share in net loss from an investment in an associate	*12*	**1,391,286**	1,126,939	1,205,020
Finance income	*22*	**(552,374)**	(493,548)	(42,873)
Reversal of expected credit loss on trade receivables	*7*	**-**	(5,698,770)	-
Operating income before working capital changes		**39,690,859**	25,079,519	12,159,919
Decrease (increase) in:				
Contract assets		**(58,149,138)**	7,621,897	(119,477,299)
Trade and other current receivables		**(15,322,850)**	171,432,362	202,578,728
Real estate for sale		**(184,582,126)**	(164,727,218)	(250,992,690)
Advances to related parties		**12,505,462**	6,015,707	(3,158,577)
Other current assets		**(91,240,828)**	(69,574,441)	(44,341,196)
Other noncurrent assets		**(11,563,809)**	(435,254)	(18,842,472)
Increase (decrease) in:				
Contract liabilities		**134,012,466**	25,203,124	12,568,203
Trade and other current payables		**44,014,481**	56,915,730	169,317,011
Cash generated from (used in) operations		**(130,635,483)**	63,230,196	(40,188,373)
Finance income received		**552,374**	493,548	42,873
Income taxes paid		**(48,300)**	76,622	-
Net cash provided by (used in) operating activities		**(130,131,409)**	63,800,366	(40,145,500)
Cash flows from an investing activity				
Acquisitions of property and equipment	*10*	**(2,434,159)**	(7,576,835)	(694,007)
Cash flows from financing activities				
Proceeds from borrowings	*15*	**895,668,194**	365,732,450	538,773,000
Repayments of borrowings	*15*	**(562,125,820)**	(350,145,862)	(505,267,135)
Finance costs paid		**(47,551,545)**	(42,883,111)	(41,403,034)
Increase (decrease) in advances from related parties		**453,508**	(795,729)	3,288,188
Payment of lease liabilities	*24*	**(1,713,600)**	(1,713,600)	(1,890,000)
Net cash provided by (used in) financing activities		**284,730,737**	(29,805,852)	(6,498,981)
Net increase (decrease) in cash		**152,165,169**	26,417,679	(47,338,488)
Cash, January 1		**79,535,361**	53,117,682	100,456,170
December 31	*5*	**₱231,700,530**	₱79,535,361	₱53,117,682
NONCASH FINANCIAL INFORMATION:				
Transfer of units previously classified as “Real estate for Sale” to “Investment Properties”	*8,11*	**₱73,152,899**	₱109,374,701	₱68,652,000

See Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

Italpinas Development Corporation ("the Parent Company" or "IDC") and its subsidiaries (hereinafter referred to as "the Group") was incorporated under the laws of the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on January 26, 2009 primarily to engage in the development and construction of real estate projects.

The Group's common shares are listed in the Philippines Stock Exchange (see Note 17).

Approval of financial statements
The consolidated financial statements were approved and authorized for issuance in accordance with a resolution by the Group's Board of Directors (BOD) on April 12, 2024.

2. Basis of Preparation

Statement of Compliance
The consolidated financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

Deferral of the provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry

In December 2020, the SEC issued Memorandum Circular (MC) No. 34, Series of 2020, which further extended the deferral of application of the following provisions of Philippine Interpretations Committee (PIC) Question & Answer (Q&A) No. 2018-12 until December 31, 2023:

a. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04), discussed in PIC 1&A No. 2018-12-D;
b. Exclusion of land in the calculation of the percentage-of-completion (POC);
c. IFRIC Agenda Discussion on over time transfers of constructed goods under PAS 23, *Borrowing Cost,* for another period of three years or until 2023 for Real Estate Industry

The Group opted to avail the relief in connection with the accounting for significant financing component, exclusion of land in the calculation of POC and accounting for borrowing costs. The impact of the application of such financial reporting relief is discussed in "Adoption of Amendments to PFRS and PIC Issuances Issued but Not Yet Effective or Adopted" section of the notes to the financial statements.

This is the first consolidated financial statements of the Group as the Parent Company has no significant investments in the subsidiaries and the carrying value of the financial information of the subsidiaries are individually or in aggregate immaterial in the prior years.

Basis of Measurement
The consolidated financial statements of the Group have been prepared on a historical cost basis, except for investment properties which are measured at fair value on each reporting date.

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine Peso (₱), which is the functional currency of the Group. All values are rounded off to the nearest peso except when otherwise indicated.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, 2022, and 2021. The financial statements of the subsidiaries are prepared for the same financial reporting year as the Parent Company, using consistent accounting policies.

A subsidiary is an entity over which the Parent Company has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect that return through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this, when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group. The financial statements of the subsidiaries were prepared for the same reporting years as the Parent Company which were presented as at and the years ended December 31, 2023 and 2022.

Intercompany transactions, balances, and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but are considered as an impairment indicator of the assets transferred.

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries as follows:

			Ownership Interest		
Name of Subsidiary	**Country of Incorporation**	**Principal Activities**	**2023**	2022	2021
IDC Homes Inc.	Philippines	Real estate development	**100%**	100%	100%
IDC Prime Inc	- do -	- do -	**100**	100	100
Prima Management Corporation	- do -	Management services	**100**	100	100

Material Non-controlling Interest
There are no material non-controlling interests as of December 31, 2023 and 2022.

3. **Summary of Material Accounting Policies**

The material accounting policies that have been used in the preparation of the financial statements are set below.

Adoption of New and Amended PFRS
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Group adopted effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements* and PFRS Practice Statement 2, *Making Materiality Judgements - Disclosure Initiative - Accounting Policies*. The amendments aim to help entities provide accounting policy disclosures that are more useful by (a) replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and (b) Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates.* The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amended standard also clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors.

- Amendments to PAS 12, *Income Taxes – Deferred Tax Related to Assets and Liabilities from a Single Transaction.* The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences.

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules.* The amendments introduced in response to the Pillar Two model rules published by the Organization for Economic Co-operation and Development (OECD) include:

  (i) A Company within the scope of Pillar Two legislation shall disclose that it has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, and
  (ii) An entity shall disclose separately its current tax expense (income) related to Pillar Two income taxes.

The foregoing relevant amended PFRS did not have impact on the consolidated financial statements of the Group. Additional disclosures were applied as applicable.

New and Amended PFRS Issued But Not Yet Effective
Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2023 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2024:

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

  Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company.

- Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation on issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

  a. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)
  b. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E
  c. Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PICQ&A 2020-02)
  d. Accounting for CUSA Charges discussed in PIC Q&A No. 2018-12-H

  The Company availed of the SEC reliefs to defer the above specific provisions of PIC Q&A No. 2018-12. Had these provisions been adopted, the Company assessed that the impact would have been as follows:

  a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. The Company believes that the mismatch for its contract to sell does not constitute a significant financing component based on the examples provided in the PIC letter dated November 11, 2020.

  b. The exclusion of land in the determination of POC would have reduced the percentage of completion of real estate projects. Adoption of this guidance would have reduced revenue from real estate sales, cost of sales and installment contracts receivable; increased real estate inventories and would have impacted deferred tax asset or liability and provision for deferred income tax for all years presented, and the opening balance of retained earnings.

- IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost) for the Real Estate Industry

  In March 2019, the IFRIC issued an Agenda Decision clarifying the criteria for the capitalization of borrowing costs in relation to the construction of residential multi-unit real estate development which are sold to customers prior to the start of construction or completion of the development.

  Paragraph 8 of PAS 23 allows the capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Paragraph 5 of PAS 23 defines a qualifying asset as an asset that takes a substantial period of time to get ready for its intended use or sale. The IFRIC Agenda Decision clarified that the related assets namely, installment contracts receivable, contract asset or real estate inventory, are not considered qualifying assets and therefore the corresponding borrowing cost may not be capitalized.

  On February 11, 2020, the Philippine SEC issued MC No. 4-2020, providing relief to the real estate industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the real estate industry until December 31, 2023. Effective January 1, 2024, real estate companies shall adopt the IFRIC Agenda Decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC agenda decision.

  The Company opted to avail of the relief as provided by the SEC. Had the Company adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. This adjustment should have been applied retrospectively and would have resulted to restatement of prior year financial statements. A restatement would have impacted interest expense, cost of real estate sales, provision for deferred income tax, real estate inventories, deferred tax liability and opening balance of retained earnings.

<u>Current versus Noncurrent Classification</u>
The Group presents assets and liabilities in the consolidated statements of financial position based on current and noncurrent classification. An asset is current when it is:

(a) expected to be realized or intended to be sold or consumed in the normal operating cycle;
(b) held primarily for the purpose of trading;
(c) expected to be realized within 12 months after the reporting period; or
(d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when it is:

(a) expected to be settled in the normal operating cycle;
(b) held primarily for trading;
(c) due to be settled within 12 months after the reporting period; or
(d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

<u>Fair Value Measurements</u>
The Group measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

<u>Financial assets and financial liabilities</u>

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

As at December 31, 2023 and 2022, the Group does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Trade receivables that are factored out to the bank with recourse to the Group are not derecognized until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the bank is recognized as borrowings.

As at December 31, 2023 and 2022, the Group's cash, contract assets, trade and other receivables, advances to related parties and security deposits and escrow funds (under other noncurrent assets) are included under this category.

*Impairment of Financial Assets at Amortized Cost***.** The Group records an allowance for "expected credit loss" (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Group has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities at amortized cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2023 and 2022, the Group's liabilities arising from its trade and other payables, excluding statutory liabilities, advances from related parties and borrowings are included under this category.

<u>Reclassification</u>
The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

<u>Derecognition of financial assets and liabilities</u>

Financial assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the consolidated statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

*Offsetting of Financial Assets and Liabilities***.** Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

*Classification of Financial Instrument between Liability and Equity***.** A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Inventories
Inventories comprise of real estate inventories and housekeeping supplies.

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes acquisition cost plus any other directly attributable costs of developing the asset to its saleable condition and cost of improving the properties up to the reporting date.

NRV is the estimated selling price in the ordinary course of business, based on the market prices at the reporting date and discounted for the time value of money if material, less estimated costs to complete and estimated cost of sale. NRV in respect of land under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to date of completion.

Land for future development. Upon commencement of development, the real estate properties held for future development is transferred to real estate for sale.

House Keeping Supplies. Housekeeping supplies is presented at purchase cost on a moving average basis. Net realizable value of supplies is the current replacement cost.

Other Current Assets
Other assets are recognized when the Group expects to receive future economic benefit from it and the amount can be measured reliably. Other assets are classified in the consolidated statement of financial position as current assets when the cost of goods or services related to the assets are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, other assets are classified as noncurrent assets.

Other current assets include prepayments, prepaid taxes, input value-added tax (VAT) and deferred input VAT.

Prepayments. Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statement of financial position as current assets when the expense related to the prepayments are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, prepayment is classified as non-currents.

Prepaid Taxes. Prepaid taxes represent taxes withheld by the Group's customers required under the Philippine taxation laws and regulations. If at the end of the financial reporting period, the Group has current income tax due, the prepaid tax shall be applied as payment for the tax due, and any excess shall be carried over to the succeeding period. Prepaid tax is stated at their estimated net realizable values and is included as part of "Other current assets" in the consolidated statements of financial position.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation (ARO). Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

Depreciation, which commences when the assets are available for their intended use, is computed using the straight-line method over the following estimated useful lives of the assets:

Transportation equipment	5 years
Office space	5 years
Leasehold improvements	5 years
Office software and equipment and furniture and fixtures	2-5 years

Leasehold improvements are amortized over the term of the lease, or the estimated useful life of the leasehold improvements whichever is shorter.

An asset is depreciated when it is available for use until it is derecognized even if during that period the item is idle. Fully depreciated assets and fully amortized assets still in use are retained in the consolidated financial statements.

The remaining useful lives, residual values and depreciation method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the consolidated statements of comprehensive income in the period of retirement and disposal.

Investment Properties

Investment properties comprise completed property that are held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement and disposal of investment property is recognized in the consolidated statements comprehensive of income in the period of retirement and disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or real estate for sale, the cost of property for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Transfers are made to (or from) investment property only when there is a change in use. For transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. For a transfer from real estate for sale to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in profit or loss. The treatment of transfer from inventories to investment property that will be carried at fair value is consistent with the treatment of sale of real estate for sale.

Investment in an Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. Investment in an associate is accounted for using the equity method of accounting.

Under the equity method of accounting, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of the profit or loss and other comprehensive income of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statements of comprehensive income reflect the Group's share in the results of operations of the associate. When there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share in profit or loss of the associate is shown in the consolidated statements of comprehensive income and represents profit or loss after tax and non-controlling interest in the subsidiary of the associate.

The consolidated financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss in its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate and its carrying value, and then recognizes the loss as "Equity share in net loss of an associate" in the consolidated statement of comprehensive income.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in OCI is reclassified to profit or loss where appropriate.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statements of comprehensive income.

Impairment of Non-financial Assets
The carrying amounts of investments, property and equipment and investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of comprehensive income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Other Noncurrent Assets
Other noncurrent assets mainly include cost to obtain a contract, refundable deposits and escrow funds.

Security deposits. Security deposits represent deposits made in relation to installation of transformer for Primavera Residences and Primavera City utility.

Security deposits and escrow funds are classified as financial asset at amortized cost.

Cost to obtain a contract is discussed under contract balances policy.

Borrowings
Borrowings are initially recognized at fair value, net of any transaction costs, directly attributable to the issue of the instrument. Such liability is subsequently measured at amortized cost using the EIR method, which ensures that any finance cost over the period of repayment is at a constant rate on the balance of the liability carried in the consolidated statements of financial position.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as prepayment for liquidity services and amortized over the period of the facility to which it relates.

The Group classifies its borrowings as current liability if settlement is expected within one year or less, and the Group does not have unconditional right to defer settlement of the liability, and does not breach any loan provisions on or before the end of the reporting period. If not, these are presented as noncurrent liability.

Borrowing costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Equity
Share Capital. Share capital includes common shares and preferred shares.

Common shares. Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Preferred shares. Preferred shares are classified as equity if they are non-redeemable, or redeemable only at the option of the Group, and any dividends thereon are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Group.

Preferred shares are classified as a liability if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in the consolidated statements of comprehensive income as accrued.

Additional paid-in capital. When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Retained earnings. Retained earnings represent the cumulative balances of periodic net income or loss, dividend distribution, prior period adjustments, effect of changes in accounting policy and other capital adjustments. When retained earnings account has a debit balance, it is called "deficit", and presented as a reduction from equity.

Appropriated retained earnings. The appropriation of retained earnings is the designation of a portion of the unrestricted retained earnings for a stated and specific future purpose as determined and approved by the Group's BOD. The appropriation of retained earnings is presented separately in the consolidated statements of changes in equity and the specific details of the purpose of the appropriation are disclosed in the notes to the consolidated financial statements. The appropriated retained earnings may not be used for dividends.

When the objective of the appropriation is consummated, the appropriation is reversed.

Dividends. Dividends are recognized when they become legally payable. Dividend distribution to equity shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are declared and approved by the Group's BOD.

Other Comprehensive Income. Other comprehensive income comprises items of income and expense, including items previously presented under the consolidated statements of changes in equity, that are not recognized in profit or loss for the year. Other comprehensive income of the Group pertains to remeasurement gain (loss) on retirement benefits.

Revenue recognition

Revenue from Contract with Customers. The Group primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements. The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

Real estate sales recognized over time. The Group derives its real estate revenue from sale of real estate projects. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or POC) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the input method. The Group's revenue from real estate sales is recognized over time in proportion to the progress of the development. The Group measures its progress based on actual costs incurred to date relative to the total expected costs of the related real estate project.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as residential and office development receivables, under trade receivables, is included in the "Contract asset" account in the asset section of the consolidated statements of financial position.

Any excess of collections over the total of recognized trade receivables and contract assets is included in the "Contract liabilities" account in the liabilities section of the statement of financial position.

The Group opted to defer the application guidelines of the provisions of the PIC Q&A No. 2018-12 (relief granted by SEC under Memorandum Circular No. 14 Series of 2018 and Memorandum Circular No. 3 Series of 2019) with respect to the accounting for significant financing component, uninstalled materials and the exclusion of land in the computation of POC.

Rental income. Revenue from operating lease is recognized on a straight-line basis over the related lease terms. Lease incentives granted are recognized as an integral part of the total rent income over the term of the lease.

Interest income. Interest income is recognized as it accrues, taking into account the effective yield on the asset.

Other income. Other customer related fees such as penalties and surcharges are recognized as they accrue, taking into account the provisions of the related contract.

Forfeitures and cancelation of real estate contracts. Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contract sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

Cost and Expense Recognition

Cost of real estate sales. The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold units being recognized as cost of sales while the portion allocable to the unsold units being recognized as part of real estate for sale.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

General and administrative expenses. General and administrative expenses constitute costs of administering the business and are expensed as incurred.

Contract Balances

Installment contract receivable. An installment contract receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced and payments in excess of percentage of completion.

Cost to Obtain a Contract. The incremental costs of obtaining a contract with a buyer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to sales personnel on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Operating expenses" account in the profit or loss.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Amortization and derecognition of capitalized costs to obtain a contract. The Group amortizes capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within operating expenses.

Capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

Employee benefits

a. *Short-term benefits.* The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plan if the Group has present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

b. *Compensated absences.* Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in Trade and other payables account in the consolidated statements of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

c. *Retirement benefits.* Retirement benefit costs are determined using the projected unit credit method, which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

   The Group recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

   Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognizes restructuring-related costs.

   Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit obligation) are recognized immediately in consolidated other comprehensive income in the period in which these arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The retirement liability is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets out of which the obligations are to be settled directly. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Leases
At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The Group has the right to direct the use of the asset of either:
    - the Group has the right to operate the asset; or
    - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At the inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Company as lessee. The Group enters into lease agreements as a lessee with respect to its office, parking space and staff house.

The Group recognizes a right-of-use asset and a corresponding lease liability with respect to the lease of the building and parking space. The lease liability is initially measured at the present value of the minimum lease payment at the commencement date, discounted by using the lessee's incremental borrowing rate (IBR) in the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The amortization period for the right-of-use asset is 2 years. The Group applies PAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

The lease liability and right-of-use asset are presented as a separate line in the consolidated statement of financial position.

Short-term leases. The Group also leases staff house which qualifies for a short-term lease (i.e., lease term of less than 12 months from the commencement date and do not contain a purchase option). The Group has elected the exemption under PFRS 16 for short-term lease. As a practical expedient, PFRS 16 permits the Group not to apply the new lessee accounting model to leases for which the lease term ends within 12 months after the date of initial application. For this lease, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Company as lessor. Leases which do not transfer to the lessee substantially all the risk and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

Related parties
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control and significant influence. Related parties may be individuals or corporate entities.

Taxes
Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of comprehensive income. The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred Tax. Deferred tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized using the liability method for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in shares of stock of subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax are recognized in the profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT). Input VAT is the indirect tax paid by the Group on the local purchase of goods or services from a VAT-registered person. Input VAT is deducted from the output VAT in arriving at the VAT due and payable. Claims for input VAT are stated at face value less provision for impairment, if any. Allowance for unrecoverable input VAT, if any, is maintained by the Group at a level considered adequate to provide for potential uncollectible portion of the claims. The Group, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses.

Deferred input VAT. Deferred input VAT represents input VAT pertaining to unpaid purchases of services. This will be classified as input VAT upon payment and receipt of the official receipt.

Provisions
Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment information is disclosed in Note 29 of the financial statements.

Earnings per share (EPS)
Basic EPS is calculated by dividing the profit attributable to equity holders of the Group by weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Group and held as treasury shares.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding and assume conversion of all dilutive potential ordinary shares.

If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorized for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares.

Events After the Reporting Date
Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

4. Use of Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income, and expenses reported in the financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments

In the process of applying the accounting policies, the Group has made the following judgments, apart from those involving estimations, which have an effect on the amounts recognized in the consolidated financial statements:

Classifying financial instruments. The Group exercises judgments in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

Classifying real estate for sale, investment properties and property and equipment. The Group determined whether a property qualifies as a real estate for sale, an investment property or an item of property and equipment. In making its judgement, the Group considers whether the property is held for sale in the ordinary course of business, held primarily to earn rentals or capital appreciation or both, or used for operations and administrative purposes.

Determining the highest and best use of investment properties. The Group determines the highest and best use of its investment properties when measuring fair value. In making its judgement, the Group takes into account the use of the investment properties that is physically possible, legally permissible, and financially feasible. The Group has determined that the highest and best use of the investment properties is their current use.

Determination whether an arrangement contains a lease. At inception of a contract, the Group assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract gives the right to control the use of an identified asset ('underlying asset') for a period of time in exchange for consideration. The right to control the use of an identified asset can be split into: (1) the right to obtain substantially all of the economic benefits from use of an identified asset and (2) the right to direct the use of an identified asset.

Company as lessee. The Company has entered into lease agreements as a lessee.

Depreciation of right-of-use of asset and interest expense on lease liability recognized in profit or loss are disclosed in Note 24.

The rent expense recognized from short-term lease for December 31, 2023 and 2022 amounted to ₱46,161 and ₱391,537, respectively (see Note 24).

Determining the lease term of contracts with renewal and termination options. Company as lessee. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group does not include the renewal period as part of the lease term for leases of office space with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to Note 24 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Existence of a contract. The Group's primary document for a contract with a customer is a signed contract to sell, which contain all the criteria to qualify as contract with the customer under PFRS 15. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, buyers' computation sheets and invoices, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history customer, age of receivables and contract assets and pricing of the property. Management regularly evaluates the historical cancellations if it would still support its current threshold of customers' equity before commencing revenue recognition.

Revenue recognition method and measure of progress. The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group.

The Group has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

In addition, the Group exercises critical judgment in determining whether the performance obligation to deliver and transfer the control over the completed real estate assets to customers is satisfied over time or at a point in time. In making this judgment, the Group considers the delivery to and acceptance by the buyer of the completed property as a transfer of control at specific point in time since the Group does not have a significant continuing involvement with the property sold to the buyer and the earning process is virtually complete. Further, the Group's enforceable right for payment becomes due upon transfer of control over the real estate asset.

Identifying performance obligation. The Group has various contracts to sell covering its sale of condominium units and other real estate properties. The Group concluded that there is one performance obligation in each of these contracts. For the contract covering condominium unit, the developer has the obligation to deliver the condominium unit duly constructed in a specific lot and fully integrated into the serviced land in accordance with the approved plan. Included in this performance obligation is the Group's service to transfer the title of the real estate unit to the buyer.

Evaluating deferred tax. In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Incorporation of forward-looking information. The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Group has considered a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group considers a representative range of possible forecast scenarios. This process involves gathering two or more economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 5 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Group has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

Definition of default and credit-impaired financial assets. The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- Quantitative criteria

  The borrower is more than 90 days past due on its contractual payments, i.e., principal and/or interest, which is consistent with the regulatory definition of default.

- Qualitative criteria

  The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

  - The borrower is experiencing financial difficulty or is insolvent;
  - The borrower is in breach of financial covenant(s);
  - An active market for that financial assets has disappeared because of financial difficulties;
  - Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty;
  - It is becoming probable that the borrower will enter Bankruptcy or other financial reorganization; and
  - Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default and exposure at default throughout the Group's expected loss calculation.

An instrument is considered to be no longer in default (i.e., to have cured) when it no longer meets any of the default criteria for a consecutive period of six months as it has exhibited a satisfactory track record. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

Contingencies. The Group is currently involved in various pending claims and lawsuits which could be decided in favor of or against the Group. The Group's estimate of the probable costs for the resolution of these pending claims and lawsuits has been developed in consultation with in-house as well as outside legal counsel handling the prosecution and defense of these matters and is based on an analysis of potential results. The Group currently does not believe that these pending claims and lawsuits will have a material adverse effect on its financial position and financial performance. It is possible, however, that future financial performance could be materially affected by the changes in the estimates or in the effectiveness of strategies relating to these proceedings. No accruals were made in relation to these proceedings.

Accounting Estimates and Assumptions

The key estimates and assumptions used in the consolidated financial statements are based upon the Group's evaluation of relevant facts and circumstances as at the date of the financial statements. Actual results could differ from such estimates.

Determining the timing of revenue recognition - Revenue recognition on real estate projects. The Group's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenue. The Group's revenue from real estate is recognized based on the percentage of completion using input method. Apart from involving estimates in determining the quantity of materials, labor and equipment needed, the assessment process for the POC includes the technical determination by management's specialists (project engineers). This is also recognized overtime.

Following the pattern of real estate revenue recognition, the cost to obtain a contract (e.g., commission), is determined using the percentage of completion.

Determining the timing of revenue recognition - Revenue recognition on sale of investment properties. The Company assessed that the sale of investment properties are recognized at a point in time when the properties are fully completed and accepted by the buyer.

Estimating fair value of investment properties. The Group carries its investment properties at fair value, with changes in fair value being recognized in profit or loss except for investment properties under construction. The Group determined that its investment properties under construction is to be measured at cost. During its construction phase, fair value of the investment properties is not reliably measurable. Once the construction is complete, the Group engages annually independent qualified valuers to determine the fair value using appropriate valuation techniques. The appraiser used comparable market data adjusted as necessary to reflect the specific assets' location and condition and, estimated expected future cash flows, yields, occupancy rates, discount rates, replacement costs and remaining economic life.

The unrealized gain on fair value valuation measurement of investment properties recognized in profit or loss amounted to ₱236,270,101, ₱101,785,299 and ₱165,768,740 in 2023, 2022 and 2021, respectively (see Notes 11 and 23).

Fair value measurements. A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRS, including the level in the fair value hierarchy in which such valuations should be classified.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (Note 3).

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Evaluation of impairment of financial assets under PFRS 9. The Group uses a matrix to calculate ECLs for trade receivables other than ICRs. The ECL rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and GDP growth rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group uses vintage analysis approach to calculate ECLs for ICRs and contract assets. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The Group defines a financial instrument as in default when a customer is more than 90 days past due on its contractual obligations. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. An instrument is considered to be no longer in default (i.e., to have cured) when it no longer meets any of the default criteria.

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

As of December 31, 2023 and 2022, the allowance for ECL on financial assets and contract assets of the Group amounted to nil, respectively (see Note 7).

Management assessed and concluded that there is no impairment loss required to be recognized in 2023 and 2022.

Estimating NRV of Inventory. The Group reviews the NRV of inventory and compares it with the cost since assets should not be carried in excess of amounts expected to be realized from sale. Real estate inventories are written down below cost when the estimated NRV is found to be lower than the cost.

NRV for completed inventory is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in light of recent market transactions. NRV in respect of inventory under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction less an estimate of the time value of money to the date of completion. The estimates used took into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

The carrying values of inventory amounted ₱811,672,928 and ₱673,724,765 as at December 31, 2023, and 2022, respectively (see Note 8).

Impairment of nonfinancial assets. The Group assesses impairment on its nonfinancial assets (e.g., property and equipment and investment in associate) and considers the following important indicators:

- Significant changes in asset usage;
- Significant decline in assets' market value;
- Obsolescence or physical damage of an asset;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of usage of the acquired assets or the strategy for the Group's overall business; and
- Significant negative industry or economic trends.

If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the asset's fair value less cost to sell or value in use whichever is higher. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to be generated from the continued use of the asset. The Group is required to make estimates and assumptions that can materially affect the carrying amount of the asset being assessed.

No impairment was recognized for the Group's nonfinancial assets as of December 31, 2023 and 2022.

Estimated useful lives of property and equipment. The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation, and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment and would increase the recorded costs and expenses and decrease noncurrent assets.

The carrying value of property and equipment amounted to ₱12,721,881 and ₱12,831,526 as at December 31, 2023, and 2022, respectively (see Note 10).

There was no change in the useful life of property and equipment in 2023 and 2022.

Estimation of retirement liability and costs. The determination of the Group's obligation and cost of retirement and other retirement benefits is dependent on the selection of certain assumptions in calculating such amounts. The assumptions as described in Note 16 to the consolidated financial statements include, among others, discount rates, and salary increase rate. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The Group's retirement liability amounted to ₱15,349,863 and ₱11,036,090 as at December 31, 2023 and 2022, respectively (see Note 16).

Determination of the incremental borrowing rate used to measure lease liabilities. The measurement of the Group's lease liabilities depends on certain assumptions, which include selection of the discount rate. The discount rate is set by reference to lessee's IBR which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Realizability of deferred tax assets. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of MCIT and NOLCO is based on the projected taxable income in the following periods (see Note 25).

5. Cash

This account consists of:

	2023	2022
Cash on hand	**₱1,400,000**	₱672,881
Cash in banks	**230,300,530**	78,862,480
	₱231,700,530	₱79,535,361

Cash in banks earn interest at the prevailing bank deposit rates. Finance income earned from bank deposits amounted to ₱228,030 and ₱159,515 for the years ended December 31, 2023 and 2022 respectively (see Note 22).

There is no restriction on the Group's cash balances as of December 31, 2023 and 2022.

6. Contract Assets and Contract Liabilities

This account consists of:

	2023	2022
Contract assets	**₱848,790,926**	₱790,641,788
Contract liabilities	**(184,525,907)**	(50,513,441)
	₱664,265,019	₱841,155,229

Contract liabilities consists of excess collections over recognized receivables and contract assets based on percentage of completion. In 2023, additional contract liabilities amounted to ₱64.31 million, and revenue recognized amounted to ₱50.45 million. In 2022, additional contract liabilities amounted to ₱27.22 million, and revenue recognized amounted to ₱1.96 million.

7. Trade and Other Current Receivables

This account consists of:

	2023	2022
Trade receivables	**₱313,535,019**	₱194,250,249
Advances to officers and employees	**15,558,544**	16,354,944
Advances to suppliers and contractors	**5,810,128**	4,286,142
Others	**11,781,406**	3,275,059
	₱346,685,097	₱218,166,394

Trade receivables pertain to receivables from sale of condominium units. These receivables are interest-bearing and generally collectible in monthly installments over a period of 5 years. Titles to the units sold under this arrangement are transferred to the buyers only upon full payment of the contract price.

Finance income earned from receivables amounted to ₱324,344 and ₱334,033 in 2023 and 2022, respectively (see Note 22).

As of December 31, 2023 and 2022, trade receivables with carrying values of ₱89,419,244 and ₱99,983,341, respectively (the "assigned assets"), were assigned to a local bank as collateral for loans with outstanding balance of ₱78,990,000 and ₱87,525,000, respectively (see Note 15). These receivables will be assigned to the local bank in case of default by the Parent Company.

Advances to officers and employees are non-interest bearing and are subject to liquidation upon utilization.

Advances to suppliers and contractors pertain to supply of goods and services in relation to the development activities of the Group. These advances are unsecured and non-interest bearing.

Movements in allowance for expected credit loss follow:

	Note	**2023**	2022
Beginning		**₱-**	₱5,698,770
Reversal	*23*	**-**	(5,698,770)
		₱-	₱-

The management has assessed that the market value of the real properties (condominium units) sold, which are the collaterals to the trade receivables, exceed the outstanding balance of the trade receivables in the assessment of the expected credit loss. No provision for expected credit loss was recognized in 2023 and 2022.

8. Inventories

This account consists of:

	2023	2022
Raw land	**₱45,176,645**	₱45,176,645
Condominium units for sale	**94,308,386**	65,937,600
Assets under construction	**671,609,849**	562,610,220
Housekeeping supplies	**578,048**	300
Balance at end of year	**₱811,672,928**	₱673,724,765

The movements of this account are as follows:

	Note	**2023**	2022
Balance at beginning of year		**₱673,724,765**	₱596,969,194
Construction cost		**282,959,920**	226,730,726
Capitalized borrowing costs	*15*	**18,396,320**	15,246,053
Cost of real estate sales		**(102,688,926)**	(62,003,807)
Transfers to investment properties	*11*	**(73,152,899)**	(109,374,701)
Transfers to common areas		**11,856,000**	-
Transfer from investment properties	*11*	**-**	6,157,000
Housekeeping supplies addition		**577,748**	300
Balance at end of year		**₱811,672,928**	₱673,724,765

Raw land
Raw land pertains to parcels of land acquired by the Group for future development projects that are intended for sale.

Land for future developments are free from any liens and were not pledged as a security for borrowings.

Condominium units for sale
Condominium units for sale pertain to unsold and completed units of *Primavera City Phase 1*. *Primavera City* is a complex of mixed-use residential and commercial building composed of seven (7) towers with passive and active green features and utilizing a massive solar panel array at the building's rooftop located at Pedro N. Roa Sr. Avenue corner Masterson Avenue, Pueblo de Oro Business Park, Brgy. Upper Carmen, Cagayan de Oro City, Islands of Mindanao. The land for Primavera City project consists of seven (7) lots with a total lot area of 6,558 square meters. The construction will be divided into four (4) phases, of which Primavera City Phase 1 was 100% completed and ready for occupancy. Primavera City Phase 1 is partially financed by loan from Development Bank of the Philippines, collateralized by lot 6 and 7 as at December 31, 2023 and 2022.

Primavera City Phases 1 and 2 are partially financed by the loan from Development Bank of the Philippines amounting to ₱358.39 million for 2023 and ₱295.15 million for 2022. The loan is collateralized by real estate mortgage on the Group's land in Cagayan de Oro with total land area of 1,874 sqm (see Note 15).

Assets under construction
Assets under construction consist of land and project development cost of ongoing real estate project of the Group. As at December 31, 2023 and 2022, this account includes the land and development costs of *Primavera City Phases 2 & 3, Miramonti Phase 1 and Verona Green Residences Phases 1 and 2*.

Miramonti is a nature-inspired development, an integrated mixed-use development dedicated for commercial areas, parking, offices, and residential spaces. Miramonti project will offer multifunctional room, fitness center, swimming pool, sky garden, playground and a 24/7 hour reception to its residents. Miramonti project is strategically located adjacent to the Manila-Batangas Expressway, the Southern Tagalog Arterial Road ("STAR") Tollway, and direct access by the existing expressway exit.

Miramonti project is partially financed by the loan from Land Bank of the Philippines amounting to ₱572.04 million for 2023 and ₱256.87 million for 2022. The loan is collateralized by real estate mortgage on the Company's land in Cagayan de Oro with total land area of 2,057 sqm (see Note 15).

Verona is a green walkup development consisting of 15 mixed-use buildings of four stories for Phase I, and 4 residential buildings of four stories for Phase II. Phase I's ground floor is allocated for commercial use, with the succeeding 3 floors allocated for residential use, having a total number of 30 commercial units and 270 residential units, averaging 24.26 sqm per residential unit. Phase II has 4 residential floors comprising 384 residential units with an average of 21 sqm per unit. There are 104 Parking Slots allotted for Phase I and 53 Parking Slots for Phase II.

The Group has purchase commitments with its subcontractors to complete its projects as at December 31, 2023 and 2022. As at December 31, 2023 and 2022, real estate for sale is stated at cost which is lower than its NRV.

9. **Other Current Assets**

The account consists of:

	2023	2022
Input VAT	**₱176,895,393**	₱139,553,950
Deferred input VAT	**56,588,855**	34,874,414
Prepaid tax	**47,024,861**	27,380,827
Prepayments	**4,634,316**	4,559,316
Others	**1,593,759**	1,524,965
	₱286,737,184	₱207,893,472

10. Property and Equipment, Net

The roll forward analysis of this account follows:

	Office space	Furniture and fixtures	Transportation equipment	Office software and equipment	Leasehold improvements	Computer equipment	Total
Costs							
At December 31, 2021	₱7,323,240	₱5,819,932	₱8,555,342	₱10,293,299	₱1,982,124	₱-	₱33,973,937
Additions	-	151,761	5,715,498	1,667,179	-	42,397	7,576,835
Disposals	-	-	(444,697)	(625,234)	-	-	(1,069,931)
At December 31, 2022	7,323,240	5,971,693	13,826,143	11,335,244	1,982,124	42,397	40,480,841
Additions	-	1,011,811	-	1,207,794	8,929	205,625	2,434,159
At December 31, 2023	7,323,240	6,983,504	13,826,143	12,543,038	1,991,053	248,022	42,915,000
Accumulated depreciation and amortization							
At December 31, 2021	7,323,240	4,947,018	5,447,860	5,737,137	1,550,444	-	25,005,699
Depreciation and amortization	-	184,127	842,111	2,442,770	244,540	-	3,713,548
Disposals	-	-	(444,697)	(625,234)	-	-	(1,069,931)
At December 31, 2022	7,323,240	5,131,145	5,845,274	7,554,673	1,794,984	-	27,649,316
Depreciation and amortization	-	155,447	1,159,884	1,169,130	51,020	8,322	2,543,803
At December 31, 2023	7,323,240	5,286,592	7,005,158	8,723,803	1,846,004	8,322	30,193,119
Carrying amount							
At December 31, 2022	₱-	₱840,548	₱7,980,869	₱3,780,571	₱187,140	₱42,398	₱12,831,525
At December 31, 2023	**₱-**	**₱1,696,912**	**₱6,820,985**	**₱3,819,235**	**₱145,049**	**₱239,700**	**₱12,721,881**

The Group's transportation equipment with carrying amounts of ₱6,820,985 and ₱7,980,869 as at December 31, 2023 and 2022, respectively, were subjected to chattel mortgages and auto loan for the loans obtained from Security Bank. (see Note 15).

The cost of fully depreciated property and equipment still in use amounted to ₱7,323,240 as at December 31, 2023 and 2022. Except for the assets used as collaterals and pledge disclosed in Note 15, no other property and equipment is restricted nor pledged as security for the Group's liabilities.

All of the Group's property and equipment have been reviewed for impairment. Based on management's evaluation, there was no indication of impairment on property and equipment as at December 31, 2023 and 2022.

Depreciation and amortization is composed of the following:

	Note	2023	2022	2021
Property and equipment		**₱2,543,803**	₱3,713,548	₱3,606,320
Right-of-use assets	24	**1,667,051**	1,667,051	2,080,221
	21	**₱4,210,854**	₱5,380,599	₱5,686,541

11. Investment Properties

This account consists of:

	2023	2022
Primavera Properties:		
Residential	**₱69,497,029**	₱13,167,000
Office	**535,135,158**	479,495,314
Commercial	**145,783,353**	150,138,031
Parking	**20,350,000**	20,350,000
Miramonti Properties:		
Residential	**105,090,426**	-
Commercial	**229,160,450**	219,280,726
Total	**₱1,105,016,416**	₱882,431,071

The movements of this account are as follows:

	Note	2023	2022
At January 1		**₱882,431,071**	₱725,004,701
Unrealized gain from fair market value measurement	23	**236,270,101**	101,785,299
Transfers from real estate inventories	8	**73,152,899**	109,374,701
Capitalized borrowing cost	15	**28,149,461**	10,726,669
Transfer to real estate inventories	8	**-**	(6,157,000)
Transfers to common area		**(11,856,000)**	-
Investment property sold		**(103,131,116)**	(58,303,299)
At December 31		**₱1,105,016,416**	₱882,431,071

On August 18, 2023 and October 19, 2022, the Group's BOD approved the reclassification of certain units previously classified as real estate inventories to investment properties.

Investment properties consist of residential converted to commercial units, commercial and parking space which are held for leasing.

As at December 31, 2023 and 2022, the fair value of the properties is based on the valuation performed by an accredited independent valuer. The valuation technique adopted for the measurement of fair value of the investment properties is the sales comparison approach. This is a comparative approach that considers the sale of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. In general, a property being valued is compared with sales of similar properties that have been transacted in the open market.

Movements of the cumulative gain on change in fair value are as follows:

	Note	2023	2022
At January 1		**₱526,410,043**	₱501,540,560
Change in far value recognized in profit or loss	23	**236,270,101**	101,785,299
Realized gain due to disposal		**(79,059,630)**	(76,915,816)
At December 31		**₱683,620,514**	₱526,410,043

The fair value hierarchy measurement of the investment properties are as follows:

2023	Quoted prices in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable input (Level 3)
Investment properties			
Date of valuation: **December 31, 2023**	**₱-**	**₱-**	**₱1,037,720,000**

2022	Quoted prices in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable input (Level 3)
Investment properties			
Date of valuation: December 31, 2022	₱-	₱-	₱839,627,000

There were no transfers between level 1, level 2, and level 3 during the year.

The key assumptions used to determine the fair value of the investment properties and sensitivity analysis are as follows:

Property	Valuation technique	Significant unobservable inputs	Range **2023**	Range 2022	Relationship of unobservable input to fair value
Primavera Project	Sales Comparison Approach	Unit value (price per square meter)	**₱74,000 to 171,000**	₱74,000 to 143,000	The higher the price per square meter, the higher the fair value

Property	Valuation technique	Significant unobservable inputs	Range **2023**	Range 2022	Relationship of unobservable input to fair value
Miramonti Project	Sales Comparison Approach	Unit value (price per square meter)	**₱123,000 to 138,000**	₱122,000 to 137,000	The higher the price per square meter, the higher the fair value

In 2023 and 2022, the Group sold investment properties with carrying value of ₱103,131,116 and ₱58,303,299, respectively, which resulted in gain on sale amounting to ₱10,064,737 and ₱47,761,760, respectively (see Note 23).

Rental income on investment properties amounted to ₱282,150 and ₱2,642,923 in 2023 and 2022, respectively (see Note 23). Undiscounted lease payments to be received for the next financial period amounted to ₱6,169,237.

Direct operating expenses incurred in relation to investment properties that generated rental income for the period amounted to ₱8.24 million and ₱6.79 million in 2023 and 2022, respectively. Direct operating expenses incurred in relation to investment properties that did not generate rental income for the period amounted to ₱2.85 million and ₱2.31 million in 2023 and 2022, respectively.

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

12. Investment in an Associate

The movements in investment are as follows:

	2023	2022
Balance, beginning of year	**₱2,657,491**	₱3,784,430
Share in net loss for the year	**(1,391,286)**	(1,126,939)
Balance, end of year	**₱1,266,205**	₱2,657,491

The Group holds a 25% ownership in common shares of Constellation Energy Corporation (CEC) acquired at total costs of ₱5,000,000. CEC was incorporated in the Philippines on June 24, 2008. It is engaged in the development of renewable energy facilities to provide clean sources of power and assure a stable supply of electricity. CEC's portfolio of projects currently includes projects in Oriental Mindoro and Negros Oriental, some of which are held 100% by Constellation and some under development with key partners.

The associate's registered principal office is located at Unit 28C BPI-Philamlife Building, 6811, Ayala Avenue, Makati City, Philippines.

The financial statements of CEC are prepared for the same reporting period as that of the Group.

The Group's share interest in CEC is accounted for using the equity method.

The summarized financial information of CEC as at and for the years ended December 31, 2023 and 2022 are as follows:

Statements of financial position

	2023	2022
Cash	**₱548,293**	₱3,449,077
Current assets other than cash	**1,053,044**	2,095,554
Noncurrent assets	**5,242,784**	6,574,822
Trade and other payables	**(1,779,303)**	(1,489,488)
Net assets	**₱5,064,818**	₱10,629,964

Statements of comprehensive income

	2023	2022
Revenue	**₱74,295**	₱273,002
Interest income	**573**	1,837
Depreciation	**(1,332,039)**	(1,545,383)
Other expenses, net	**(4,307,974)**	(3,237,215)
Loss after tax	**(₱5,565,145)**	(₱4,507,759)

Reconciliation of summarized financial information

Reconciliation of the summarized financial information presented to the carrying amount of the Group's interest in an associate, is as follows:

	2023	2022
Net asset	**₱5,064,818**	₱10,629,965
Company's share of net asset (25% equity interest)	**1,266,205**	2,657,491
	₱1,266,205	₱2,657,491

13. **Other Noncurrent Assets**

The account consists of:

	2023	2022
Cost to obtain a contract	**₱19,887,301**	₱23,447,402
Security deposits	**7,906,243**	7,906,243
Escrow funds	**5,315,103**	5,194,377
Others	**311,866**	203,756
	₱33,420,513	₱36,751,778

Security deposits pertain mainly to deposit to Cagayan Electric Power Light Co. (CEPALCO) for installation of 6x250 kilovolt-Ampere (kVA) transformer for Primavera Residences and Primavera City utility and rentals.

Escrow funds pertain to trust fund held for condominium corporations.

The movements of cost to obtain a contract are as follows:

	Note	**2023**	2022
Balance at the beginning of the year		**₱23,447,402**	₱23,280,017
Additions		**11,334,973**	5,097,910
Amortization	*20*	**(14,895,074)**	(4,930,525)
Balance at the end of the year		**₱19,887,301**	₱23,447,402

14. Trade and Other Current Payables

The account consists of:

	2023	2022
Trade payables	**₱746,708,434**	₱784,054,713
Government liabilities	**116,814,034**	87,912,189
Accruals and other payables	**95,190,659**	49,470,807
Miscellaneous fees payable	**43,617,734**	36,878,671
	₱1,002,330,861	₱958,316,380

Trade payables primarily consist of liabilities to contractors for the costs of development and construction of the Group's real estate projects. Trade and other payables are non-interest bearing and are generally on a 30-60 days term.

Government liabilities pertain to the Group's expanded withholding tax, output tax, deferred output tax, and statutory contributions payable including SSS, HDMF and PHIC.

Accruals and other payables include advances from buyers and advance rental from leasing services.

Miscellaneous fees payable represents amounts collected in advance by the Group from the unit owners which will be used to settle the taxes and fees that will be incurred in the transfer of the condominium title under the name of the unit owners.

15. Borrowings

This account consists of outstanding loans as at December 31, 2023 and 2022.

Movements of this account are as follows:

	2023	2022
Balance at beginning of year	**₱653,998,895**	₱638,412,307
Availments	**895,668,194**	365,732,450
Payments	**(562,125,820)**	(350,145,862)
Balance at end of year	**987,541,269**	653,998,895
Less: Current portion of loans payable	**431,308,336**	317,690,493
Noncurrent portion of loans payable	**₱556,232,933**	₱336,308,402

Details and outstanding balances of loans from local banks as at December 31 follow:

Banking Institution	Purpose	Terms/Maturities	Security/Covenant	Effective interest rate (per annum)	2023	2022
Land bank of the Philippines (LBP)	Construction project	Interest and principal payable quarterly	Real estate properties, Receivables	6% - 8.5%	**₱572,041,458**	₱256,874,355
Development Bank of the Philippines (DBP)	Construction of Primavera Twin Tower Project	Interest and principal payable quarterly	Real estate properties	5.5% - 8.5%	**358,394,811**	295,149,734
Security Bank	Car Loan	Interest and principal payable monthly	Secured by a chattel mortgage and auto loan	7.5%-8%	**57,105,000**	52,769,626
United Coconut Planters Bank (UCPB)	Working capital requirement	Interest payable monthly, principal payable upon maturity	Entered under suretyship	6.0%	**-**	46,255,050
Banco De Oro (BDO)	Car Loan	Interest and principal payable monthly	Secured by a chattel mortgage	8.96%	**-**	2,950,130
					₱987,541,269	₱653,998,895

Loans from LBP were used to partially finance the Miramonti project. These loans are secured by real estate mortgage on the Group's land with total area of 2,057 sqm (see Note 8) and assigned receivables (see Note 7).

Loans from UCPB were obtained to augment working capital requirements. These loans are secured by office units, residential units, and commercial units of Primavera Residences. On March 1, 2022, the merger of LBP and UCPB, with LBP as the surviving entity, took effect. Accordingly, in 2023, the UCPB loan was transferred to LBP.

Loans from DBP were used to partially finance the development and construction of Primavera City project Phases 1 and 2. These loans are secured by real estate mortgage on the Group's land for Primavera City Project with total area of 1,874 sqm (see Note 8).

The Group has neither incurred any default nor were the terms of the loans renegotiated for the years ended December 31, 2023 and 2022.

The loan agreements contain some or all of the following debt covenants/restrictions: maintenance of specific current and debt to equity ratios, guarantees or advances, encumbrance for borrowed money, and sale of assets. The debt covenants, restrictions and requirements were complied with by the Group as of December 31, 2023 and 2022.

Details of borrowing cost follow:

	Note	**2023**	2022
Capitalized as real estate for sale	*8*	**₱18,396,320**	₱15,246,053
Capitalized as investment properties	*11*	**28,149,461**	10,726,669
Charged to finance cost		**4,738,998**	16,870,788
		₱51,284,779	₱42,843,510

Details of borrowing cost charged to profit or loss follow:

	Note	**2023**	2022
Borrowing cost charge to finance cost		**₱4,738,998**	₱16,870,788
Interest expense of lease liabilities	*24*	**6,379**	86,719
Others		**150**	39,601
		₱4,745,527	₱16,997,108

16. **Retirement Benefit Obligation**

The Group's retirement benefit obligation is computed based on the provision of Republic Act (RA) No. 7641. RA No. 7641 shall apply to all employees of at least five (5) years minimum service in the private sector, regardless of their position, designation, or status and irrespective of the method by which their wages are paid.

Pursuant to this provision, a covered employee who retires shall be entitled to retirement pay equivalent to at least one-half (1/2) month salary for every year of service, a fraction of at least six (6) months being considered as one whole year. The Group's accrual of retirement fund is non-trusteed and is unfunded.

The movements in retirement benefit obligation are as follows:

	2023	2022
Balance at January 1	**₱11,036,090**	₱10,715,065
Current service cost	**1,175,429**	911,818
Interest cost	**667,598**	789,046
Remeasurement loss (gain)	**2,470,746**	(1,379,839)
Balance at December 31	**₱15,349,863**	₱11,036,090

The components of retirement benefits charged to operations are as follows:

	2023	2022
Current service cost	**₱1,175,429**	₱911,818
Net interest cost	**667,598**	789,046
	₱1,843,027	₱1,700,864

The cumulative remeasurement gain recognized in other comprehensive income follows:

	2023		
	Accumulated remeasurement gain	**Deferred tax asset (liability)** *(Note 25)*	**Net**
Balance at January 1	**₱3,566,418**	**(₱891,605)**	**₱2,674,813**
Remeasurement loss	**(2,470,746)**	**617,687**	**(1,853,059)**
Balance at December 31	**₱1,095,672**	**(₱273,918)**	**₱821,754**

	2022		
	Accumulated remeasurement gain	Deferred tax asset (liability) *(Note 25)*	Net
Balance at January 1	₱2,186,579	(₱546,645)	₱1,639,934
Remeasurement gain	1,379,839	(344,960)	1,034,879
Balance at December 31	₱3,566,418	(₱891,605)	₱2,674,813

The assumptions used to determine retirement liability are as follows:

	2023	2022
Discount rate	**7.29%**	7.36%
Salary increase rate	**5.00%**	3.00%

The sensitivity analyses based on reasonably possible changes of the assumptions are as follows:

	Increase (Decrease)	Effect on retirement liability 2023	2022
Discount rate	+1	**(₱1,958,745)**	(₱1,400,739)
	-1	**2,400,566**	1,663,573
Salary increase rate	+1	**2,875,764**	1,720,807
	-1	**(4,433,340)**	(1,466,404)

The weighted average duration of the obligation is 16 years. The Group does not expect to pay retirement benefits within 1-10 years.

17. Share Capital

a) *Share capital*

	2023 No. of Shares	**2023** Amount	2022 No. of Shares	2022 Amount
Authorized				
Common Shares - ₱0.50 par value per share	**1,300,000,000**	**₱650,000,000**	1,300,000,000	₱650,000,000
Preferred Shares - ₱0.50 par value per share	**100,000,000**	**50,000,000**	100,000,000	50,000,000
	1,400,000,000	**₱700,000,000**	1,400,000,000	₱700,000,000
Issued and outstanding				
Common Shares - ₱0.50 par value per share	**629,578,795**	**314,789,398**	629,568,795	314,784,398
Preferred Shares - ₱0.50 par value per share	**-**	**-**	-	-
	629,578,795	**₱314,789,398**	629,568,795	₱314,784,398

b) *Additional paid-in capital*

Additional paid-in capital arises when the amount subscribed for share capital is in excess of the par value.

The issuance of 57,622,000 shares by way of an IPO on December 7, 2015 resulted to an increase in share premium. Details are as follows:

Gross proceeds		₱207,440,000
Offer expenses		
Underwriting and selling fees for the offer shares	749,456	
Taxes to be paid by the Company	9,742,930	
Philippine SEC filling and legal research fees	41,076	
PSE listing and processing fees inclusive of VAT	3,052,119	
Professional fees	837,996	
Out-of-pocket and other expenses	1,804,644	(16,228,221)
Net proceeds		191,211,779
Share capital		(28,811,000)
		162,400,779
Expenses related to IPO		(5,271,535)
Net share premium		**₱157,129,244**

c) *Retained earnings*

On November 26, 2021, following the Group's application for the increase in authorized share capital, the SEC approved and authorized the issuance of 195,383,420 common shares to cover the stock dividends declared on September 25, 2020. Payment date is on January 14, 2022.

On September 28, 2022, the BOD approved the appropriation of retained earnings amounting to ₱300,000,000 for future development.

d) Details and movements of shares listed with PSE

As at December 31, 2023 and 2022, the Group has issued and outstanding common share capital of 629,568,795 amounting to ₱314,784,398.

The details and movement of the shares listed with PSE follows:

Date of SEC approval	Type of issuance	No. of shares issued	Issue/Offer Price
2015	Initial public offering	57,622,000	3.6
2017	Stock dividends	26,000,502	0.5
2019	Stock dividends	29,267,876	0.5
2021	Stock dividends	195,383,420	0.5

18. Related Party Transactions

The details of the Group's related parties are summarized as follows:

Name of related party	**Relationship**	**Country of incorporation**
Constellation Energy Corporation (CEC)	Associate	Philippines
Individuals	Key management personnel/shareholders	-

Outstanding balances and significant transactions with related parties are as follows:

	Advances to related parties		Transactions	
	2023	2022	**2023**	2022
Individuals				
Shareholders	**₱27,069,761**	₱39,575,223	**₱12,558,803**	(₱5,983,914)

	Advances from related parties		Transactions	
	2023	2022	**2023**	2022
Associate				
CEC	**₱15,964,553**	₱15,511,045	**₱-**	₱49,716

The outstanding balances of advances to and from related parties are unsecured, has no collateral and will be settled through cash.

The balance of advances to CEC pertain to expenses paid by the Group on behalf of CEC. The Group also made advances to a major stockholder for the purpose of installing facilities in the Group's projects. These cash advances are non-interest bearing, unsecured and are subject to liquidation upon utilization.

Based on management's assessment, there is no indication of impairment and the carrying values of these advances to shareholders are deemed realizable as at December 31, 2023 and 2022.

Key management compensation amounted to ₱28.48 million, ₱26.7 million and ₱25.2 million in 2023, 2022 and 2021, respectively. The retirement benefit expense for key management personnel amounted to ₱1.09 million and ₱0.78 million in 2023 and 2022, respectively.

19. Net Revenue

The components of the Company's net revenue follow:

	2023	2022	2021
Real estate sales	**₱294,830,591**	₱189,017,777	₱186,126,971
Sale of service	**2,815,836**	1,759,909	-
	₱297,646,427	₱190,777,686	₱186,126,971

The Group's revenue were derived from transfer of goods over time and at a point in time in different geographical locations and performance of services over time. The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

Geographical location	2023	2022	2021
Cagayan De Oro	**₱272,912,433**	₱148,026,961	₱85,237,861
Batangas	**24,733,994**	42,750,725	100,889,110
	₱297,646,427	₱190,777,686	₱186,126,971

Revenue categorized as recognized overtime and at a point in time are presented as follows:

	2023	2022	2021
Overtime	**₱265,449,708**	₱118,226,288	₱124,533,527
Point in time	**32,196,719**	72,551,398	61,593,444
	₱297,646,427	₱190,777,686	₱186,126,971

The transaction price allocated to the remaining performance obligations are expected to be recognized within three to five years, from start of construction.

20. Cost of Sales and Services

The account consists of:

	2023	2022	2021
Cost of sales	**₱132,564,634**	₱89,495,491	₱78,275,545
Cost of services	**124,043**	10,485	-
	₱132,688,677	₱89,505,976	₱78,275,545

Details of cost of sales follow:

	2023	2022	2021
Cost of sales – completed units	**₱109,333,669**	₱55,837,198	₱19,013,234
Cost of sales – uncompleted units	**23,230,965**	33,658,293	59,262,311
	₱132,564,634	₱89,495,491	₱78,275,545

Cost of condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus full development costs, which include estimated costs for future development as determined by the Group.

Amortization of cost to obtain a contract charged to cost of sales amounted to ₱14,895,074, ₱4,930,525 and ₱9,856,276 in 2023, 2022 and 2021, respectively (see Note 13).

Details of cost of services follow:

	2023	2022	2021
Supplies	**₱81,967**	₱-	₱-
Repairs and maintenance	**36,374**	1,705	-
Others	**5,702**	8,780	-
	₱124,043	₱10,485	₱-

21. **General and Administrative Expenses**

This account consists of:

	Note	2023	2022	2021
Salaries and other employee benefits		**₱62,945,572**	₱18,840,376	₱51,083,615
Taxes and licenses		**19,653,762**	8,331,044	14,816,207
Legal and professional fees		**18,197,006**	12,918,567	11,147,784
Advertising and marketing		**9,225,297**	9,400,227	3,706,668
Commission		**7,123,485**	14,716,298	9,968,978
Depreciation and amortization	*10*	**4,210,854**	5,380,599	5,686,541
Representation and entertainment		**3,827,528**	7,100,354	1,773,212
Insurance		**3,798,857**	1,242,634	592,535
Communication, light and water		**3,731,232**	3,838,610	3,038,330
Transportation and travel		**2,894,623**	3,674,092	1,733,774
SSS, Philhealth and HDMF contributions		**2,128,642**	2,555,287	1,780,359
Dues and subscription		**1,530,126**	1,442,116	1,109,909
Repairs and maintenance		**1,376,695**	2,469,774	1,972,508
Office supplies		**978,004**	839,156	674,920
Donations		**762,629**	309,908	1,810,633
Bank charges		**406,456**	4,001,641	2,631,393
Utilities		**165,660**	75,027	-
Contractual service fees		**669,474**	1,359,452	833,516
Photocopying and printing		**51,191**	15,500	-
Rental	*24*	**46,161**	391,537	-
Trainings and seminars		**44,991**	107,772	54,275
Miscellaneous		**9,347,359**	7,848,883	6,574,047
		₱153,115,604	₱106,858,854	₱120,989,204

Miscellaneous pertain mainly to penalties for the buyback loan agreement.

22. **Finance Income**

The account consists of:

	Note	2023	2022	2021
Cash in banks	*5*	**₱228,030**	₱159,515	₱36,899
Trade receivables	*7*	**324,344**	334,033	5,974
		₱552,374	₱493,548	₱42,873

23. Other Operating Income, Net

The account consists of:

	Note	2023	2022	2021
Unrealized gain from fair market value measurement	11	**₱236,270,101**	₱101,785,299	₱165,768,740
Gain (loss) on sale of investment properties	11	**10,064,737**	47,761,760	(18,239,433)
Rental income	24	**282,150**	2,642,923	2,730,230
Others		**6,617,608**	31,571,573	5,557,615
		₱253,234,596	₱183,761,555	₱155,817,152

Others pertain mainly to forfeited collections from cancelled sales. Also in 2022, the Group recorded reversal of expected credit loss under other income (Note 7).

24. Commitments and Contingencies

Leases - Company as lessee

In 2018, the Group entered lease contract with Terrace 28 Corporation for the Group's office and parking space. The term of the lease is for three (3) years starting March 1, 2018 until February 28, 2021. Monthly rental for the Office Space and Parking Space is ₱250,000 and ₱16,050, respectively. This is subject to escalation of 5% commencing on the 3rd year of the lease contract. The lease was renewed for one year until February 28, 2022. On March 1, 2022, the Group renewed the lease contract for another two years commencing from March 1, 2022 to February 28, 2024 with quarterly rental of ₱428,200.

Movements on right of use assets resulting from the foregoing follows:

Cost	**2023**	2022
Balance at beginning of the year	**₱7,197,369**	₱3,863,267
Additions	**-**	3,334,102
Balance, end of year	**7,197,369**	7,197,369
Accumulated Depreciation		
Balance at beginning of the year	**5,530,318**	3,863,267
Depreciation	**1,667,051**	1,667,051
Balance, end of year	**7,197,369**	5,530,318
Net carrying amount, December 31	**₱-**	₱1,667,051

Movements on lease liabilities resulting from the foregoing follows:

	2023	2022
Balance at the beginning of the year	**₱1,707,221**	₱-
Additions	**-**	3,334,102
Accretion of interest	**6,379**	86,719
Payments	**(1,713,600)**	(1,713,600)
Balance at end of the year	**-**	1,707,221
Noncurrent portion	**-**	-
Current portion	**₱-**	₱1,707,221

Maturity Analysis	**2023**	2022
Year 1	**₱-**	₱1,713,600
Less: Unearned interest	**-**	(6,379)
	₱-	₱1,707,221

Analyzed as:	2023	2022
Noncurrent	**₱-**	₱-
Current	**-**	1,707,221
	₱-	₱1,707,221

Charges to profit or loss resulting from the forgoing follow:

Amount recognized in profit or loss:	Note	2023	2022
Interest expense of lease liabilities	24	**₱6,379**	₱86,719
Depreciation expense of right-of-use assets	10	**1,667,051**	1,667,051
Expense relating to short term lease		**46,161**	391,537
		₱1,719,591	₱2,145,307

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were or future cash flows will be, classified in the Group's statement of cash flows as cash flows from financing activities:

Lease liabilities	2023	2022
At beginning of the year	**₱1,707,221**	₱-
Noncash changes (i)	**6,379**	3,420,821
Financing cash flows (ii)	**(1,713,600)**	(1,713,600)
At end of the year	**₱-**	₱1,707,221

(i) Non-cash changes represent the recognition of lease liabilities corresponding to right-of-use assets
(ii) Financing cash flow comprises the lease payment made during the year

Short-term and leases of low-value assets

The Company leases staff houses with average term of one to three months. Rent expense from this lease amounted to ₱46,161 ₱391,537 and nil in 2023, 2022 and 2021, respectively (see Note 21).

Company as Lessor

The Group entered into lease agreements with third parties covering its investment property portfolio. These leases generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher.

Rental income on these operating leases for the years ended December 31, 2023 and 2022 are disclosed in Note 23.

Subcontractors

The Group entered into various subcontractors agreement for the supply of goods and services related to the development and construction of its real estate projects. The Group made advances to its suppliers to mobilize the construction activities.

25. Income Taxes

Corporate Recovery and Tax Incentives for Enterprises or "CREATE" Act
On March 26, 2021, the President signed into law Republic Act No. 11534 or the CREATE Act. The law, which became effective on April 11, 2021, introduces reforms to corporate income taxes and incentive systems in the country by implementing certain changes to the current tax regulations.

The CREATE Act resulted to the reduction of the Group's tax rate from 30% to 25% and MCIT from 2% to 1% of gross income for 3 years effective July 1, 2020 to June 30, 2023. Effective July 1, 2023, the MCIT rate will change from 1% to 2% of gross income.

The income tax expense consists of:

	2023	2022	2021
Current	**₱12,397,116**	₱31,508,406	₱981,137
Deferred	**58,262,987**	10,149,628	407,656
	₱70,660,103	₱41,658,034	₱1,388,793

The current provision for corporate income tax in 2023, 2022 and 2021 represents regular corporate income tax for the Parent Company and minimum corporate income tax for the subsidiaries.

Current provision for income tax in 2021 includes adjustment for current tax of prior periods amounted to ₱555,459 representing the effect of change in the effective tax rate due to the effectivity of CREATE Act.

The amount of provision for deferred income tax in 2021 relating to changes in tax rate amounted to ₱31,084,118.

Reconciliation between the provision for income tax at the statutory tax rate and the actual provision for income tax for the years ended December 31, 2023, 2022 and 2021 is as follows:

	2023	2022	2021
Income before income tax	**₱259,492,303**	₱160,543,911	₱117,820,861
Statutory income tax at statutory tax rate	**₱66,088,653**	₱40,123,166	₱29,466,694
Tax effects of:			
Change in unrecognized deferred tax assets	**4,043,405**	13,361	44,516
Non-deductible expenses	**583,771**	1,561,381	570,327
Income subject to final tax	**(55,726)**	(39,823)	(9,225)
Reduction in deferred tax due to change in tax rate	**-**	-	(31,083,118)
Expired NOLCO and MCIT	**-**	-	2,954,858
Reduction of prior year income tax to impact of CREATE Act	**-**	-	(555,459)
	₱70,660,103	₱41,658,034	₱1,388,793

The Parent Company's deferred tax assets as at December 31, 2023 and 2022 are as follows:

	2023	Credited (charged) to profit or loss	Credited (charged to OCI)	2022	Credited (charged) to profit or loss	Credited (charged to OCI)
Deferred tax assets						
Capitalized commission net of amortization	**₱12,016,920**	**₱1,796,151**	**₱-**	₱10,220,769	(₱204,502)	₱-
Retirement benefit obligation	**3,837,467**	**460,757**	**617,687**	2,759,023	425,216	(344,960)
Gross profit on advances	**275,278**	**-**	**-**	275,278	-	-
Difference between cash paid over interest and depreciation – PFRS 16	**-**	**(10,043)**	**-**	10,043	10,043	-
Allowance for expected credit loss	**-**	**-**	**-**	-	(1,424,692)	-
NOLCO	**-**	**-**	**-**	-	(398,248)	-
	16,129,665	**2,246,865**	**617,687**	13,265,113	(1,592,183)	(344,960)
Deferred tax liabilities						
Unrealized gain on fair value of investment properties	**(170,905,128)**	**(39,302,617)**	**-**	(131,602,511)	(6,217,371)	-
Difference between tax and book basis for real estate transactions	**(72,182,676)**	**(12,368,347)**	**-**	(59,814,329)	2,870,291	-
Capitalized interest (borrowing cost)	**(21,651,091)**	**(8,838,888)**	**-**	(12,812,203)	(5,210,365)	-
	(264,738,895)	**(60,509,852)**	**-**	(204,229,043)	(8,557,445)	-
	(₱248,609,230)	**(₱58,262,987)**	**₱617,687**	(₱190,963,930)	(₱10,149,628)	(₱344,960)

The components of the Group's unrecognized deferred tax assets as at December 31, 2023 and 2022 are as follows:

	2023	2022
NOLCO	**₱4,036,478**	₱66,313
MCIT	**73,240**	-
	₱4,109,718	₱46,838

The Subsidiaries' management did not recognize the foregoing deferred tax assets as they believe that it is still uncertain that these deferred tax assets can be utilized.

Details of the Subsidiaries' NOLCO and MCIT are as follows:

NOLCO

Year incurred	Valid until	Beginning balance	Incurred	Expired	Applied	Ending Balance
2020	2025	₱42,181	₱-	₱-	₱-	₱42,181
2021	2026	222,580	-	-	-	222,580
2022	2025	66,805	-	-	-	66,805
2023	2026	-	19,893,004	-	-	19,893,004
		₱331,566	**₱19,893,004**	**₱-**	**₱-**	**₱20,224,570**

MCIT

Year incurred	Valid until	Beginning balance	Incurred	Expired	Applied	Ending Balance
2023	2026	**₱-**	**₱73,240**	**₱-**	**₱-**	**₱73,240**

26. Operating Segment

The Group is organized into one reportable segment which is the development and sale of real estate. The Group also has one geographical segment and derives all its revenues from domestic operations. All the Group's activities are interrelated, and each activity is dependent on the other. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial information about the sole business segment is equivalent to the financial statements of the Group.

27. Earnings per Share

The financial information pertinent to the derivation of the basic and diluted earnings per share for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022	2021
Net income for the year	**₱188,832,200**	₱118,885,877	₱116,432,068
Weighted average number of shares outstanding used for computation of diluted income per share	**629,568,795**	629,568,795	629,568,795
Basic earnings per share	**₱0.30**	₱0.19	₱0.18
Diluted earnings per share	**₱0.30**	₱0.19	₱0.18

Basic earnings per share are calculated by dividing net income for the year by the weighted average number of ordinary shares outstanding during the period.

The Group has no dilutive potential ordinary shares for the years ended December 31, 2023 and 2022.

Average number of shares outstanding used for the computation of basic earnings per share and diluted earnings per share:

	Number of shares outstanding	
	2023	2022
December 31, 2021, 2022 and 2023	**629,568,795**	629,568,795

	Weighted average number of shares	
	2023	2022
December 31, 2021, 2022 and 2023	**629,568,795**	629,568,795

28. **Supplemental Information on the Computation of Earnings Before Interests, Taxes, Depreciation, and Amortization (EBITDA)**

Computation of EBITDA follows:

	2023	2022	2021
Net income	**₱188,832,200**	₱118,885,877	₱116,432,068
Add: Finance cost	**4,745,527**	16,997,108	23,696,366
Provision for income tax	**70,660,103**	41,658,034	1,388,793
Depreciation and amortization	**4,210,854**	5,380,599	5,686,541
Finance income	**(552,374)**	(493,548)	(42,873)
	₱267,896,310	₱182,428,070	147,160,895

29. **Supplemental Disclosure on Cash Flow Information**

Reconciliation of liabilities arising from financing activities:

	2023	2022	2021
Borrowings			
At January 1	**₱653,998,895**	₱638,412,307	₱604,906,442
Loan acquisition	**895,668,194**	365,732,450	538,773,000
Repayments	**(562,125,820)**	(350,145,862)	(505,267,135)
At December 31	**₱987,541,269**	₱653,998,895	₱638,412,307

30. **Financial Instruments**

The following table shows the classification, carrying values and fair values of the Group's financial assets and financial liabilities as at December 31:

	2023		2022	
	Carrying value	**Fair value**	Carrying value	Fair value
Financial assets				
Financial assets at amortized costs				
Cash	**₱215,700,530**	**₱215,700,530**	₱79,535,361	₱79,535,361
Contract assets	**848,790,926**	**848,790,926**	790,641,788	790,641,788
Trade and other receivables*	**325,316,425**	**325,316,425**	197,525,308	197,525,308
Advances to related parties	**41,682,984**	**41,682,984**	39,575,223	39,575,223
Other noncurrent assets**	**13,221,346**	**13,221,346**	13,100,620	13,100,620
	₱1,444,712,211	**₱1,444,712,211**	₱1,120,378,300	₱1,120,378,300
Financial liabilities				
Financial liabilities at amortized costs				
Trade and other payables***	**₱885,516,827**	**₱885,516,827**	₱870,404,191	₱870,404,191
Advances from related parties	**14,577,776**	**14,577,776**	15,511,045	15,511,045
Borrowings	**987,541,269**	**987,541,269**	653,998,895	653,998,895
	₱1,887,635,872	**₱1,887,635,872**	₱1,539,914,131	₱1,539,914,131

** Exclusive of advances subject to liquidation, advances to suppliers and contractors, advances to employees, and advances for land acquisition*
*** Pertains to security deposits and escrow funds*
**** Exclusive of government liabilities*

The table below shows the fair value measurement hierarchy of financial instruments which are not measured at fair value but for which carrying amounts are disclosed as close approximation of fair values:

	December 31, 2023		
	Quoted prices in active market (Level 1)	**Significant observable input (Level 2)**	**Significant unobservable input (Level 3)**
Financial assets			
Financial assets at amortized costs			
Cash	**₱-**	**₱-**	**₱215,700,530**
Contract assets	-	-	**848,790,926**
Trade and other receivables	-	-	**325,316,425**
Advances to related parties	-	-	**41,682,984**
Other noncurrent assets	-	-	**13,221,346**
	₱-	**₱-**	**₱1,444,712,211**
Financial liabilities			
Financial liabilities at amortized costs			
Trade and other payables	**₱-**	**₱-**	**₱885,516,827**
Advances from related parties	-	-	**14,577,776**
Borrowings	-	-	**987,541,269**
	₱-	**₱-**	**₱1,887,635,872**

	December 31, 2022		
	Quoted prices in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable input (Level 3)
Financial assets			
Financial assets at amortized costs			
Cash	₱-	₱-	₱79,535,361
Contract assets	-	-	790,641,788
Trade and other receivables	-	-	197,525,308
Advances to related parties	-	-	39,575,223
Other noncurrent assets	-	-	13,100,620
	₱-	₱-	₱1,120,378,300
Financial liabilities			
Financial liabilities at amortized costs			
Trade and other payables	₱-	₱-	₱870,404,191
Advances from related parties	-	-	15,511,045
Borrowings	-	-	653,998,895
	₱-	₱-	₱1,539,914,131

The fair value of financial instruments is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation or sale.

Cash, contract assets, trade and other receivables, advances to related parties, other noncurrent assets, advances from related parties, and trade and other payables. The carrying amounts approximate their fair values due to the short-term maturities of these financial instruments.

Borrowings. The carrying amount approximates the fair value because these are interest-bearing loans at market rate.

31. Financial and Capital Risk Management, Objectives and Policies

General objectives, policies and processes
The BOD has overall responsibility and authority for the determination of the Group's risk management objectives and policies and designing and operating processes that ensure the effective implementation of such objectives and policies. The BOD has constituted certain committees to effectively manage the operations of the Group. The Group's principal committees of the BOD include the Audit Committee, the Nomination Committee, and the Compensation and Remuneration Committee.

Financial risk management objectives and policies
The Group is exposed through its operations to market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The policies for managing specific risks are summarized below:

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk as the Group's borrowings are subject to quarterly repricing scheme based on market rates.

Interest rate sensitivity analysis

The outstanding balances and closing interest rates of the Group's borrowings maturing on the succeeding financial period as at December 31, 2023 and 2022 are as follows:

	2023	2022
Borrowings	**₱431,308,336**	₱317,690,493
Interest rate	**6.67%**	6.31%

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings, with all other variables held constant, of the Group's profit before tax.

	Change in interest rates	Effect on profit before tax
December 31, 2023	-3%	**₱863,048**
	+3%	**(863,048)**
December 31, 2022	-3%	₱601,388
	+3%	(601,388)

The assumed movement in interest rates for the interest rate sensitivity analysis is based on the management's assessment of the reasonably possible change in interest rates during the years presented.

ii. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The receivable balances are monitored on an ongoing basis with the result that the Group's exposure to impairment is not significant. The Group does not offer credit terms without the specific approval of the management. There is no significant concentration of credit risk.

Customer credit risk is managed by managing and analyzing the credit risk for each new customer before standard payment and delivery terms and conditions are offered. The Group's policy is to deal only with creditworthy customers, tenants and counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk. Outstanding receivables are regularly monitored.

In the Group's real estate business, title to the property is transferred only upon full payment of the purchase price. Credit risk for installment contracts receivable is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the condominium unit in case of refusal by the buyer to pay on time the due installment contracts receivable. This risk is further mitigated because the corresponding title to the condominium units sold under this arrangement is transferred to the buyers only upon full payment of the contract price and the requirement for remedial procedures is minimal given the profile of the buyers. The credit quality of the Group's financial assets that are neither past due nor impaired is considered to be good quality and expected to be collectible without incurring any credit losses. The Group's primary target customers are high-income individuals and top corporations, in the Philippines and overseas. These measures minimize the credit risk exposure or any margin loss from possible default in the payments of installments.

Receivables from sale of real estate units are secured with pre-completed property units. The legal title and ownership of these units will only be transferred to the customers upon full payment of the contract price. For other receivables, since the Group trades only with recognized third parties, there is no requirement for collateral.

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants. For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of paying capacity.

The following table provides information regarding the maximum credit risk exposure of the Group arising from its principal financial assets as at December 31, 2023 and 2022:

	2023	2022
At amortized cost		
Cash in banks	**₱214,300,530**	₱79,535,361
Contract assets	**848,790,926**	790,641,788
Trade and other receivables*	**325,316,425**	197,525,308
Advances to related parties	**41,682,984**	39,575,223
Other noncurrent assets**	**13,221,346**	13,100,620
	₱1,443,312,211	₱1,120,378,300

** Exclusive of advances subject to liquidation, advances to suppliers and contractors, advances to employees, and advances for land acquisition*
*** Pertains to security deposits and escrow funds*

The following table provides information regarding the Group's analysis of the age of financial assets by class as at the reporting date:

	At December 31, 2023					
	Cash in banks	**Contract Assets**	**Trade and other receivables***	**Other noncurrent assets****	**Advances to related parties**	**Total**
Neither past due nor impaired	**₱230,300,530**	**₱736,860,306**	**₱313,535,019**	**₱13,221,346**	**₱27,069,761**	**₱1,320,986,962**
Past due but not impaired						
1-30 days	**-**	**31,609,860**	**-**	**-**	**-**	**31,609,860**
31-60 days	**-**	**39,188,398**	**-**	**-**	**-**	**39,188,398**
Over 60 days	**-**	**41,132,362**	**-**	**-**	**-**	**41,132,362**
Impaired	**-**	**-**	**-**	**-**	**-**	**-**
	₱230,300,530	**₱848,790,926**	**₱313,535,019**	**₱13,221,346**	**₱27,069,761**	**₱1,432,917,582**

** Exclusive of advances subject to liquidation, advances to suppliers and contractors, advances to employees, and advances for land acquisition*
*** Pertains to security deposits and escrow funds*

	At December 31, 2022					
	Cash in banks	Contract Assets	Trade and other receivables*	Other noncurrent assets**	Advances to related parties	Total
Neither past due nor impaired	₱78,862,480	₱790,641,788	₱194,250,249	₱13,100,620	₱40,772,813	₱1,117,627,950
Past due but not impaired						
1-30 days	-	53,306,375	-	-	-	53,306,375
31-60 days	-	10,322,822	-	-	-	10,322,822
Over 60 days	-	43,152,780	-	-	-	43,152,780
Impaired	-	-	-	-	-	-
	₱78,862,480	₱897,423,765	₱194,250,249	₱13,100,620	₱40,772,813	₱1,224,409,927

** Exclusive of advances subject to liquidation, advances to suppliers and contractors, advances to employees, and advances for land acquisition*
*** Pertains to security deposits and escrow funds*

Credit quality per class of financial assets

The Group's bases in grading its financial assets are as follows:

High grade - These are receivables which have a high probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on receivables are readily enforceable).

Standard grade - These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but have been outstanding for a certain period of time.

Substandard grade - These are receivables that can be collected provided the Group makes persistent effort to collect them.

The table below shows the credit quality by class of financial assets (gross of allowance for credit losses) of the Group based on their historical experience with the corresponding third parties:

	At December 31, 2023					
	Cash in banks	**Contract assets**	**Trade and other receivables**	**Other noncurrent assets**	**Advances to related parties**	**Total**
High grade	**₱230,300,530**	**₱736,860,306**	**₱313,535,019**	**₱13,221,346**	**₱27,069,761**	**₱1,320,986,962**
Standard grade	-	-	-	-	-	-
Impaired	-	-	-	-	-	-
	₱230,300,530	**₱736,860,306**	**₱313,535,019**	**₱13,221,346**	**₱27,069,761**	**₱1,320,986,962**

	At December 31, 2022					
	Cash in banks	Contract assets	Trade and other receivables	Other noncurrent assets	Advances to related parties	Total
High grade	₱78,862,480	₱790,641,788	₱194,250,249	₱13,100,620	₱40,772,813	₱1,117,627,950
Standard grade	-	-	-	-	-	-
Impaired	-	-	-	-	-	-
	₱78,862,480	₱790,641,788	₱194,250,249	₱13,100,620	₱40,772,813	₱1,117,627,950

The credit quality of the Group's financial assets is evaluated using internal credit rating. Financial assets are considered as high grade if the counterparties are not expected to default in settling their obligations, thus credit risk exposure is minimal. These counterparties include banks, customers and related parties who pay on or before due date.

The Group has no financial assets whose terms have been renegotiated.

iii. Liquidity risk

This represents the risk or difficulty in raising funds to meet the Group's commitment associated with financial obligation and daily cash flow requirement. The Group is exposed to the possibility that adverse exchanges in the business environment and/or its operations would result to substantially higher working capital requirements and the subsequent difficulty in financing additional working capital.

The Group's approach to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed. Also, the Group addresses liquidity concerns primarily through cash flows from operations and short-term borrowings, if necessary. The Group likewise regularly evaluates other financing instruments to broaden the Group's range of financing sources.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact on netting arrangements, if any.

	As at December 31, 2023			
	On demand	**Within 1 year**	**More than 1 year but not more than 5 years**	**Total**
Trade and other payables*	**₱885,516,827**	**₱-**	**₱-**	**₱885,516,827**
Advances from related parties	**14,577,776**	**-**	**-**	**14,577,776**
Borrowings	**-**	**431,308,336**	**556,232,933**	**987,541,269**
Future interest on borrowing	**-**	**8,946,786**	**50,698,454**	**59,645,240**
	₱900,094,603	**₱440,255,122**	**₱606,931,387**	**₱1,947,281,112**

	As at December 31, 2022			
	On demand	Within 1 year	More than 1 year but not more than 5 years	Total
Trade and other payables*	₱870,404,191	₱-	₱-	₱870,404,191
Advances from related parties	15,511,045	-	-	15,511,045
Borrowings	-	317,690,493	336,308,402	653,998,895
Future interest on borrowing	-	19,901,038	19,473,035	39,374,073
	₱885,915,236	₱337,591,531	₱355,781,437	₱1,579,288,204

** Exclusive of government liabilities*

The contractual undiscounted payments related to borrowings consist of the principal amount and future interests, details of which are as follows:

	2023	2022
Principal of loan	**₱987,541,269**	₱653,998,895
Current portion	**431,308,336**	317,690,493
Net of current portion	**₱556,232,933**	₱336,308,402
Future interest	**₱59,645,240**	₱39,374,073
Current portion	**8,946,786**	19,901,038
Net of current portion	**₱50,698,454**	₱19,473,035
Cash flow from principal of loan	**₱987,541,269**	₱653,998,895
Cash flow from future interest	**59,645,240**	39,374,073
	₱1,047,186,509	₱693,372,968

Capital management

The Group's capital management objectives are as follows:

- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other shareholders; and
- to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future business developments.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group defines capital as paid-in capital stock, additional paid-in capital and retained earnings, both appropriated and unappropriated. Other components of equity are excluded from capital for purposes of capital management.

The Group is subject to externally imposed capital requirement due to loan covenants. No changes were made in the objectives, policies, or processes for managing capital during the years ended December 31, 2023, 2022 and 2021.

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INDEPENDENT AUDITOR'S SUPPLEMENTAL WRITTEN STATEMENT

The Shareholders and the Board of Directors
Italpinas Development Corporation
Unit 28C BPI Philamlife Building
6811 Ayala Avenue, Makati City
Philippines

We have audited the consolidated financial statements of **Italpinas Development Corporation and Subsidiaries** ("the Group") as at and for the year ended December 31, 2023, on which we have rendered the attached report dated April 12, 2024.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Group has a total number of ten (10) shareholders owning one hundred (100) or more shares each.

ROXAS TABAMO & CO.

Warren M. Urriza
Partner
CPA Certificate No. 0106419
Tax Identification No. 246-618-368
BIR Accreditation No. 08-001682-017-2022, issued on January 5, 2022,
effective until January 4, 2025
PTR No. 10079596, issued on January 5, 2024, Makati City

April 12, 2024
Makati City

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Shareholders and the Board of Directors
Italpinas Development Corporation
Unit 28C BPI Philamlife Building
6811 Ayala Avenue, Makati City
Philippines

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of **Italpinas Development Corporation and Subsidiaries** ("the Group") as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, included in this Consolidated Audited Financial Statements (AFS) and have issued our report thereon dated April 12, 2024. Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedules in this AFS are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and the Securities and Exchange Commission (SEC) Memorandum Circular (MC) No. 16, Series of 2023 and are not part of the basic consolidated financial statements. Such schedules are the responsibility of management. The schedules have been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

ROXAS TABAMO & CO.

Warren M. Urriza
Partner
CPA Certificate No. 0106419
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April 12, 2024
Makati City

ITALPINAS DEVELOPMENT CORPORATION

SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR 6 PART II OF THE REVISED SRC RULE 68
DECEMBER 31, 2023

Supplementary Schedules

Independent Auditors' Report on Supplementary Schedules dated April 12, 2024

A.	Reconciliation of Retained Earnings Available for Dividend Declaration	Applicable
B.	Map of the group of companies	Applicable (See Schedule I)
C.	Financial assets	Applicable (See Schedule II)
D.	Amounts receivable from directors, officers, employees, related parties and principal shareholders (other than related parties)	Applicable (See Schedule III)
E.	Amounts receivable from related parties which are eliminated during the consolidation of financial statements	Applicable (See Schedule IV)
F.	Intangible assets – other assets	Not Applicable
G.	Long-term debt	Applicable (See Schedule V)
H.	Indebtedness to related parties (long-term loans from related companies)	Not Applicable
I.	Guarantees of securities of other issuers	Not Applicable
J.	Share capital	Applicable (See Schedule VI)
H.	Schedule of financial soundness indicators in two comparative periods	Applicable (See Schedule VII)

ANNEX A

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

For the reporting period ended December 31, 2023

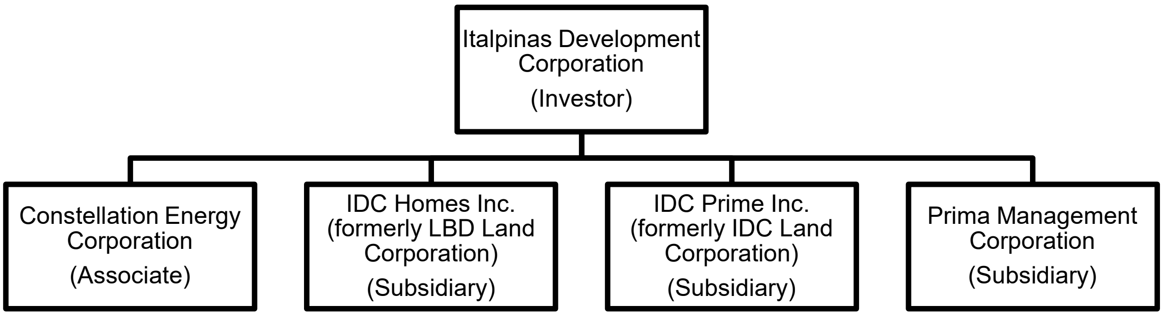
ITALPINAS DEVELOPMENT CORPORATION

Unit 28C BPI Philamlife Building, 6811 Ayala Ave., Makati
Metro Manila

Unappropriated Retained Earnings, beginning of reporting period			**(₱44,688,129)**
Add:	**Category A: Items that are directly credited to Unappropriated Retained Earnings**		
	Reversal of Retained Earnings Appropriation/s	-	
	Effect if restatements or prior-period adjustments	-	
	Others	-	-
Less:	**Category B: Items that are directly debited to Unappropriated Retained Earnings**		
	Dividend declaration during the reporting period	-	
	Retained earnings appropriated during the reporting period	-	
	Effect of restatement or prior-period adjustments	-	
	Others	-	-
Unappropriated Retained Earnings, as adjusted			**(44,688,129)**
Add/Less: Net income (loss) for the current year			**210,496,228**
Less:	**Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)**		
	Equity in net income of associate/joint venture, net of dividends declared	**712,227**	
	Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
	Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
	Unrealized fair value gain of Investment Property	**(236,270,101)**	
	Other unrealized transactions accounted for under the PFRS	-	
	Sub-total		**(235,557,874)**
Add:	**Category C. 2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)**		
	Realized foreign exchange gain, except those attributable to cash and cash equivalents	-	
	Realized fair value adjustments (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
	Realized fair value gain of Investment property	-	
	Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	**79,059,630**	
	Sub-total		**79,059,630**

Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of investment property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	-	
Sub-total		**(156,498,244)**
Adjusted Net Income/Loss		**53,997,984**
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Amortization of cost to obtain contract	-	
Depreciation on revaluation increment (after tax)	-	
Sub-total		-
Add/Less: Category E: Adjustment related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others	-	
Sub-total		-
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
Net movement of deferred tax assets not considered in the reconciling items under the previous categories	**58,262,987**	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of assets and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession of payable	-	
Adjustment due to deviation from PFRS/GAAP – gain (loss)	-	
Others	-	
Sub-total		**58,262,987**
Total Retained Earnings, end of the reporting period available for dividend		**₱67,572,842**

Schedule I. Map of Group of Companies



Schedule II. Financial Assets

Financial asset	Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Fair value based on its carrying amount at end of reporting period	Fair value based on approximate discounted value of future cash flows at end of reporting period	Value based on market quotation at end of reporting period	Income received	Income accrued
Cash on hand and in banks	Not applicable	Not applicable	**₱215,700,530**	**₱215,700,530**	Not applicable	Not applicable	**₱228,030**	₱-
Contract assets	Not applicable	Not applicable	**848,790,926**	**848,790,926**	Not applicable	Not applicable	**-**	-
Trade receivables and other receivables*	Not applicable	Not applicable	**325,316,425**	**325,316,425**	Not applicable	Not applicable	**324,344**	-
Advances to related parties	Not applicable	Not applicable	**41,682,984**	**41,682,984**	Not applicable	Not applicable	**-**	-
Other noncurrent assets**	Not applicable	Not applicable	**13,221,346**	**13,221,346**	Not applicable	Not applicable	**-**	-
			₱1,444,712,211	**₱1,444,712,211**			**₱552,374**	₱-

** Exclusive of advances subject to liquidation, advances to suppliers and contractors, advances to employees, and advances for land acquisition*
*** Pertains to security deposits and escrow funds*

Schedule III. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Shareholders (Other than Related Parties)

Name and designation of debtor	Type of Receivable	Balance at beginning of period	Additions	Amounts collected	Amounts offset	Amounts written-off	Current	Noncurrent	Balance at end of period
Shareholders	Advances	**₱39,575,223**	**3,494,538**	**(16,000,000)**	**-**	**-**	**₱27,069,761**	**-**	**₱27,069,761**

Schedule IV. Amounts receivable from related parties which are eliminated during the consolidation of financial statements.

Name and designation of debtor	Type of Receivable	Balance at beginning of period	Additions	Amounts collected	Amounts offset	Amounts written-off	Current	Noncurrent	Balance at end of period
Affiliates	Advances	**₱1,200,090**	**121,624,507**	**-**	**-**	**-**	**₱122,824,597**	**-**	**₱122,824,597**

Schedule V. Long – term debt

Banking institution	Annual interest rate	Terms	Security	Maturity date	**2023**	2022
Development Bank of the Philippines (DBP)						
	5.50%	5 years	Real estate properties	04/02/2027	**₱12,460,000**	₱16,020,000
	5.50%	5 years	Real estate properties	04/02/2027	**17,500,000**	22,500,000
	5.50%	5 years	Real estate properties	04/02/2027	**11,060,000**	14,220,000
	5.50%	5 years	Real estate properties	04/02/2027	**4,328,800**	5,565,600
	6.00%	5 years	Real estate properties	04/02/2027	**5,222,000**	6,714,000
	6.00%	5 years	Real estate properties	04/02/2027	**19,600,000**	25,200,000
	6.75%	5 years	Real estate properties	04/02/2027	**23,333,333**	30,000,000
	6.75%	5 years	Real estate properties	04/02/2027	**11,433,333**	14,700,000
	5.75%	5 years	Real estate properties	12/07/2025	**19,200,000**	28,800,000
	5.75%	5 years	Real estate properties	12/07/2025	**10,800,000**	16,200,000
	7.00%	4 years	Real estate properties	04/02/2027	**14,823,529**	-
	7.25%	4 years	Real estate properties	04/02/2027	**15,647,059**	-
	8.50%	4 years	Real estate properties	04/02/2027	**11,200,000**	-
	9.00%	4 years	Real estate properties	04/02/2027	**22,400,000**	-
	8.75%	4 years	Real estate properties	04/02/2027	**8,166,667**	-
	8.50%	4 years	Real estate properties	04/02/2027	**19,600,000**	-
	8.75%	4 years	Real estate properties	04/02/2027	**25,700,000**	-
	8.75%	4 years	Real estate properties	04/02/2027	**17,900,000**	-
	8.75%	4 years	Real estate properties	04/02/2027	**11,200,000**	-

Forward

Banking institution	Annual interest rate	Terms	Security	Maturity date	**2023**	2022
	5.75%	5 years	Real estate properties	12/07/2025	**₱8,421,053**	₱12,631,579
	5.75%	5 years	Real estate properties	12/07/2025	**4,210,526**	6,315,789
	5.75%	5 years	Real estate properties	12/07/2025	**16,842,105**	25,263,158
	5.75%	5 years	Real estate properties	12/07/2025	**2,222,222**	3,333,333
	5.75%	5 years	Real estate properties	12/07/2025	**8,888,889**	13,333,333
	5.75%	5 years	Real estate properties	12/07/2025	**8,000,000**	12,000,000
	5.75%	5 years	Real estate properties	12/07/2025	**28,235,294**	42,352,941
Security Bank						
	8.00%	3 months	Short term	02/05/2024	**19,683,000**	-
	8.00%	3 months	Short term	03/12/2024	**13,122,000**	-
	8.00%	3 months	Short term	03/20/2024	**24,300,000**	-

Forward

Banking institution	Annual interest rate	Terms	Security	Maturity date	**2023**	2022
Land Bank of the Philippines						
	6.25%	5 years	Term Loan	08/01/2025	**₱11,200,000**	₱17,600,000
	6.25%	5 years	Term Loan	08/01/2025	**16,800,000**	26,400,000
	6.25%	5 years	Term Loan	08/01/2025	**11,789,474**	18,526,316
	6.25%	4 years	Term Loan	08/01/2025	**17,500,000**	27,500,000
	6.25%	4 years	Term Loan	08/01/2025	**6,176,471**	9,705,882
	6.25%	4 years	Term Loan	08/01/2025	**8,750,000**	13,750,000
	6.25%	4 years	Term Loan	08/01/2025	**7,568,750**	11,893,750
	6.55%	3 years	Term Loan	08/01/2025	**7,500,000**	11,785,715
	7.46%	3 years	Term Loan	08/01/2025	**5,923,077**	9,307,694
	8.25%	3 years	Term Loan	08/01/2025	**12,090,909**	19,000,000
	8.50%	3 years	Term Loan	08/01/2025	**1,400,000**	-
	8.50%	3 years	Term Loan	08/01/2025	**2,877,778**	-
	8.50%	3 years	Term Loan	08/01/2025	**3,850,000**	-
	8.50%	3 years	Term Loan	08/01/2025	**9,625,000**	-
	8.25%	3 months	Term Loan	11/22/2023	**36,551,000**	-
	8.25%	3 months	Term Loan	11/22/2023	**42,439,000**	-
	8.25%	4 years	Term Loan	12/29/2027	**120,000,000**	-
	8.50%	4 years	Term Loan	12/29/2027	**60,000,000**	-
	8.50%	4 years	Term Loan	12/29/2027	**60,000,000**	-
	8.50%	4 years	Term Loan	12/29/2027	**30,000,000**	-
	8.50%	4 years	Term loan	12/29/2027	**100,000,000**	-
Total borrowings					**987,541,269**	653,998,895
Less: current portion of the loan					**(431,308,336)**	(317,690,493)
					₱556,232,933	₱336,308,402

Schedule VI. Share Capital

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statement of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	1,300,000,000	629,568,795	-	-	360,133,581	269,435,214
Preferred shares	100,000,000	-	-	-	-	-
Totals	1,400,000,000	629,568,795	-	-	360,133,581	269,435,214

Schedule VII. Schedule of financial soundness indicators for two comparative periods

	December 31, 2023	December 31, 2022
Current/Liquidity Ratio		
Current ratio	**1.56**	1.50
Solvency Ratio/Debt-to-Equity Ratio		
Net debt-to-equity ratio	**1.97**	1.78
Asset-to-Equity Ratio		
Net assets per share	**1.99**	1.57
Interest Rate Coverage Ratio		
Interest cover	**55.68**	10.43
Profitability Ratios		
Gross profit ratio	**55%**	53%
EBITDA	**₱267,896,310**	₱182,428,070
Other Ratios		
Basic earnings per share	**₱0.30**	₱0.19
Diluted earnings per share	**₱0.30**	₱0.19