



SECURITIES AND EXCHANGE COMMISSION

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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)

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(Company Telephone Number)

1 2

Month

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Day

(Fiscal Year)

1 7 Q

(Form Type)

Last Monday of March

Month Day

(Annual Meeting)

N / A

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Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

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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)

31 March 2025

(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: **March 31, 2025**
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 (March 31, 2025)
Common Shares	724,004,114

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

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

Yes No

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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 March 31, 2025 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, 2024 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 March 31, 2025. 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 March 31, 2025, 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 March 31, 2025, Primavera City Phase 2 is likewise almost fully sold. Construction of Primavera City Phase 2 is expected to be completed by 2nd to 3rd quarter of 2025. Phase 3 and Phase 4, the latter envisioned as a high-rise mixed condo, have started the permitting process

As of March 31, 2025, 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 established relationship 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 sqm, this is the site for IDC’s mixed-use development project, the Miramonti. As of March 31, 2025, 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

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

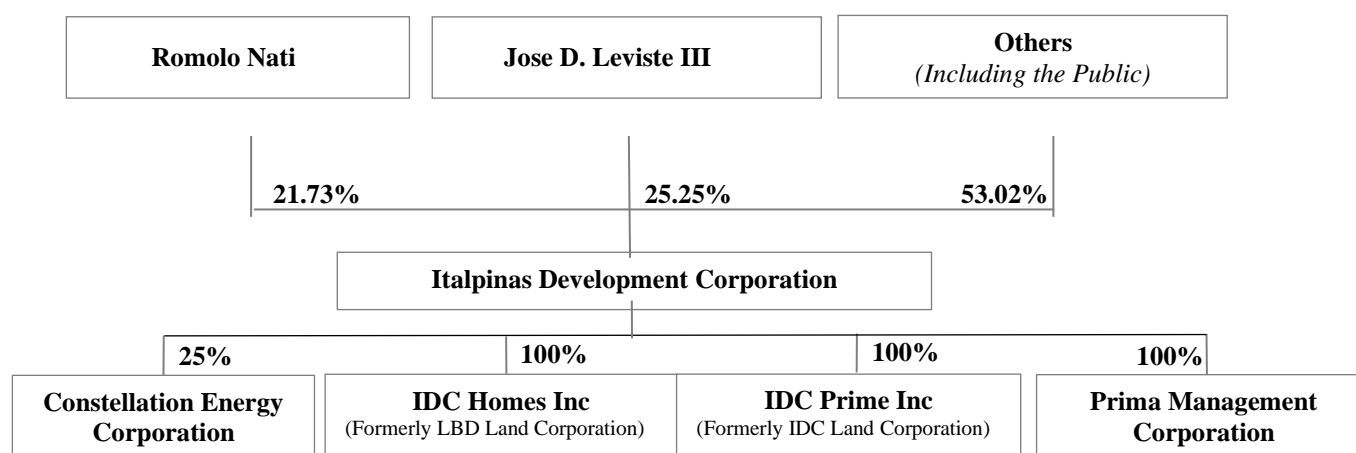
In addition, the two founders have also been invited to speak in notable events such as:

- “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 March 31, 2025, the Company's substantial shareholders are Architect Romolo Nati with 21.73%, and by Attorney Jose D. Leviste III with 25.25%. 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 March 31, 2025, 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)

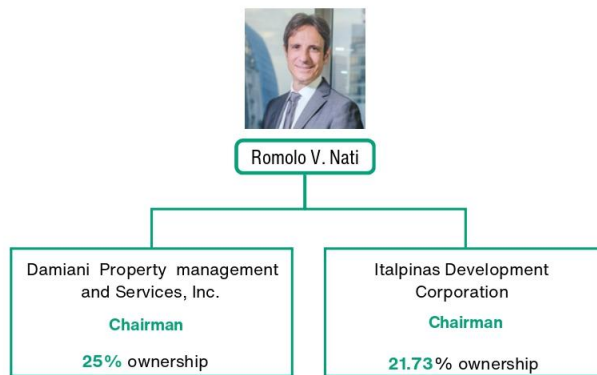
PRCC was initially incorporated and registered with SEC by the Company in order to be the Condominium Corporation for the Primavera Residences project. The Company owns certain units at the Primavera residences and participates as a member of the affiliate’s BOD.

Primavera City Condominium Corporation (PCCC)

PCCC was initially incorporated and registered with SEC by the Company in order to be the Condominium Corporation for the Primavera City project. The Company owns certain units at the Primavera City Condominiums 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.

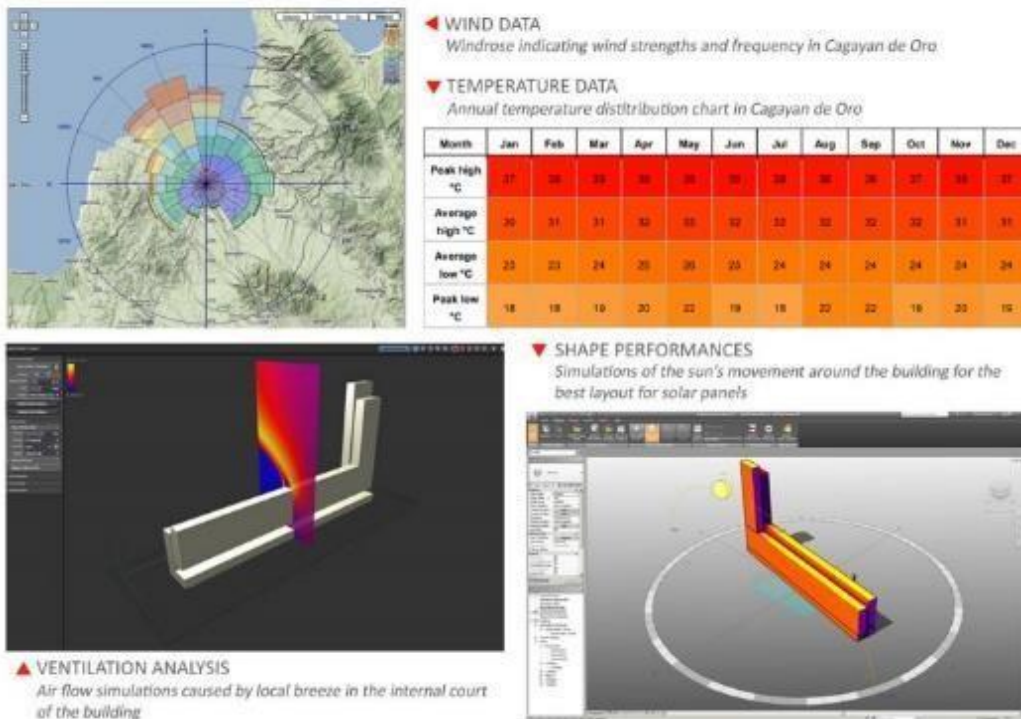
Primavera Residences is located in Pueblo de Oro Township, a world-class master-planned community in flood-free uptown Cagayan de Oro City. Primavera Residences is adjacent to SM City CDO, schools, offices, churches, and a golf course. It is situated inside the Pueblo de Oro Business Park, an export 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 social 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.

PASSIVE GREEN ENERGY STRATEGIES



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 31 March 2025, units available for sale of this project is almost fully sold.

Primavera City

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



Photo: Primavera City Architectural Rendering

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 2nd or 3rd Quarter of 2025. 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 and is now on the permitting process.

The Seven (7) lots of Primavera City Phase 1 to Phase 4, comprised of a total area of 6,558 sqm 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 2nd Quarter of 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 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 sqm. 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 2021¹ 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 1 Miramonti 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 clientele.

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.

¹ <http://rso04a.psa.gov.ph/content/batangas-fastest-growing-economy-calabarzon-125-percent-2021>

IDC's maiden and current projects, Primavera Residences and Primavera City, as well as the 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.² 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 developments³ 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 Calaan 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.)

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 Area⁴. 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 Wing⁵.

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 ICBR⁶.

² Updated Comprehensive Development Plan 2020 – 2025. CAGAYAN DE ORO CITY.

³ Comprehensive Land Use Plan 2019-2027. CAGAYAN DE ORO CITY.

⁴ Updated Comprehensive Development Plan 2017 – 2019. CDO

⁵ <https://www.sunstar.com.ph/article/123969>

⁶ Ibid

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
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 Town	Cebu Land Master	No data	No data	No data
The Uptown Metropolis (Zircon)	Abrown	5	14	330 13 & 14th non
The Midtown	Vista Estates	2	12	
Casa Mira Towers	Cebu Land Master	2	Tower 1 – 23	
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	Wecom 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 Italphin Development Corporation as of the date of March 31, 2025.

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
Lordbuild & Enterprises Construction	Lot 6 Block 5, Woodland Park Residences, Kamagong, Yati, Liloan, Cebu	Structural and Architectural Works	Primavera City II
2G Konstrakt Inc	Unit 308 Ortigas Royale Condominium Brgy., San Juan Cainta, Rizal	Electrical and Auxiliary Work	
CA Ordinanza Inc.	Governors Drive, Ulong Tubig Brgy. Mabuhay, Carmona Cavite	Supply & Installation of Glass Works	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	
WQM Construction and Development Company	B17 L37 Villa Carolina Subd., Dela paz, Antipolo City	Masonry Works	Miramonti I
WQM Construction and Development Company	B17 L37 Villa Carolina Subd. Dela Paz, Antipolo City	Supply & Installation of Balcony Railings	
Acquaproof Contracting Specialist Inc.	65 Mindanao Ave., Project 6, Quezon City	Waterproofing Works	
Huejack Construction / Werr Corporation International	100 IGARAN ST. LOWER JASAAN, JASAAN, MISAMIS ORIENTAL / 2756 PARCBldg., Bruger St. Putatan 1772 Muntinlupa City, Metro Manila	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	Primavera City II
Rider Levett Bucknall Philippines, Inc.	CGC Compound No. 54 Danny Floro St., Brgy. Bagong Ilog, Pasig City	Project/construction management & quantity surveying (PM/CM/QS) consultancy services	
Lordbuild & Enterprises Construction	Lot 6 Block 5, Woodland Park Residences, Kamagong, Yati, Liloan, Cebu	Structural and Architectural Works	
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	
Acquaproof Contracting Specialist Inc.	65 Mindanao Ave., Project 6, Quezon City	Waterproofing 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/>

Social Media:

- Instagram: <https://www.instagram.com/italpinasofficial/>
<https://www.instagram.com/miramontiph/>
Facebook page:
<https://www.facebook.com/italpinasofficial>
<https://www.facebook.com/miramontiph>
<https://www.facebook.com/primaveracity>
<https://www.facebook.com/cittaalta.ph>
<https://www.facebook.com/profile.php?id=100094891210311>
<https://www.facebook.com/officialidcprime>
 - Twitter / X account: <https://twitter.com/Italpinas>
 - YouTube: <https://www.youtube.com/@italpinasdevelopmentcorpor9185>
- LinkedIn: <https://www.linkedin.com/company/italpinas-development-corporation-official-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, airbnb.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:

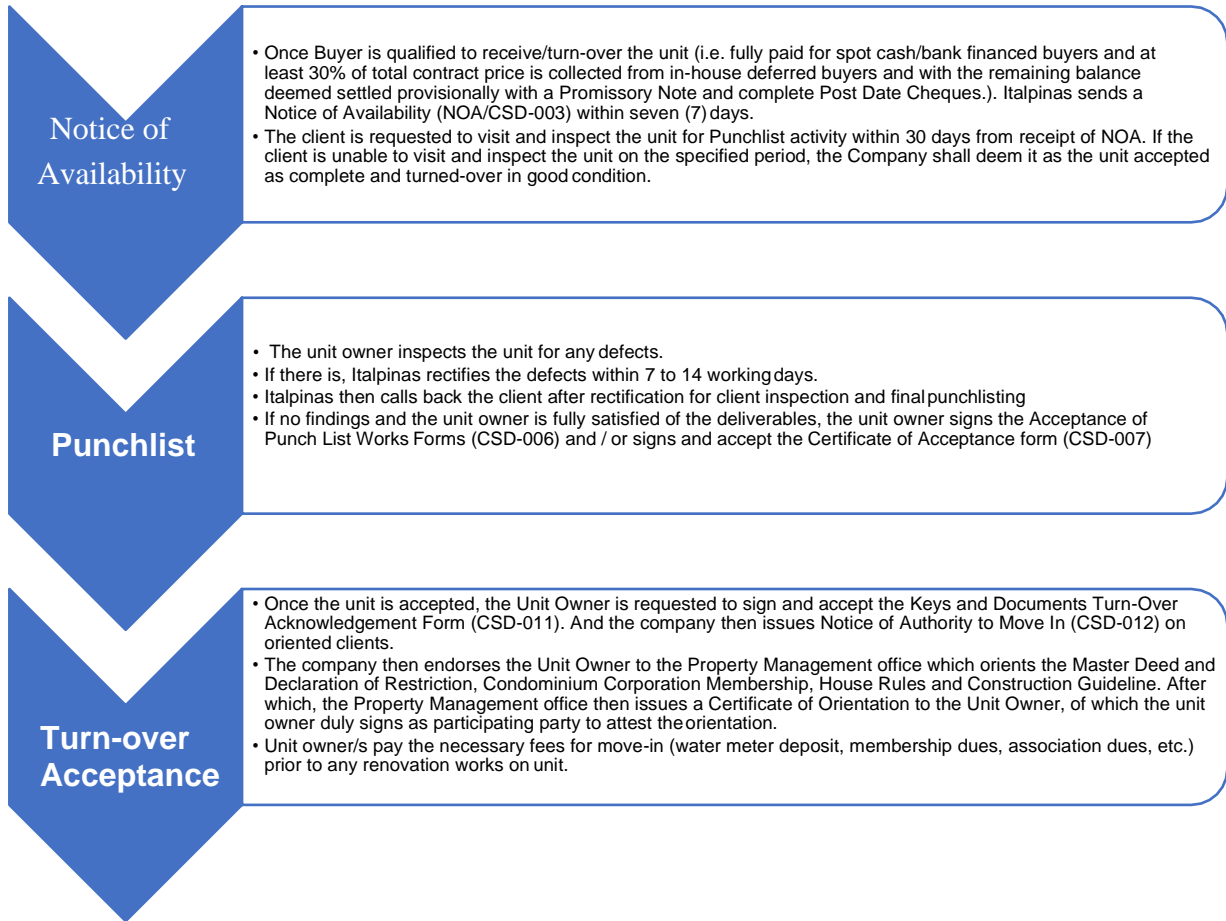
- a. The IDC shall have the right to collect penalty interest at the rate of three percent (3%) per month (or a fraction thereof) of the unpaid amount, for every month (or a fraction thereof) of delay in remitting to the IDC the amount due. Such payment of penalty interest charges shall not be a substitute 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.

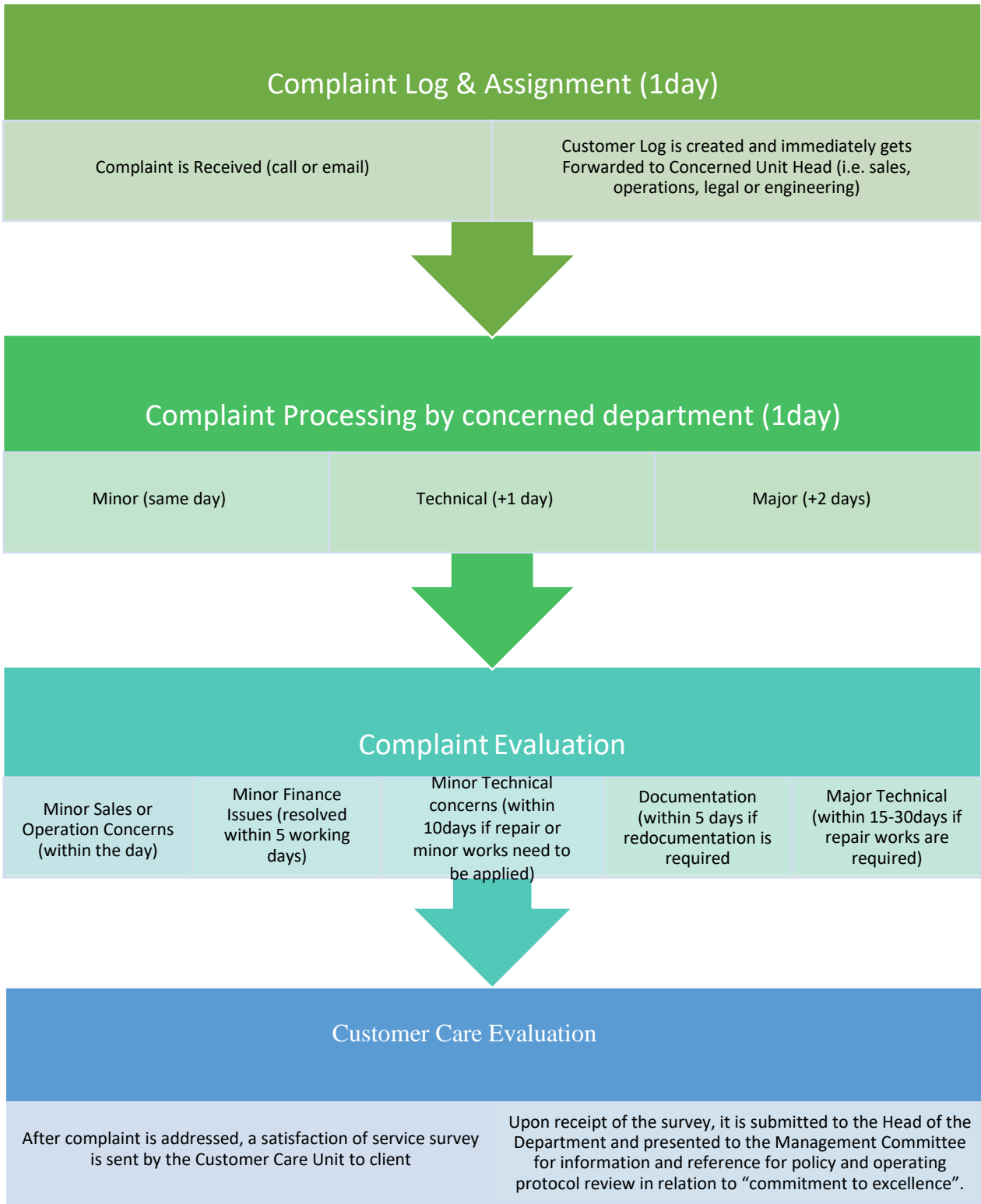
The Company fully complies with RA 6652 (Maceda Law). From the first notice of collection for defaulting clients, it takes up to 90 days before the Notarial Cancellation notice is issued and sent to client, and another 30 days before the Contract to Sell is cancelled, thereby complying the grace period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





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
Building Permit	TBA	N/A	OBO	Primavera City Phase III&IV; Miramonti II; Verona Uptown	Ongoing Application	N/A
Locational Clearance	TBA	N/A	CPDO	Primavera City Phase III&IV; Verona Uptown	Ongoing Application	N/A
Fire Safety Evaluation Certificate	TBA	N/A	BFP	Primavera City Phase III&IV; Verona Uptown	Ongoing Application	N/A
Occupancy Permit	TBA	N/A	OBO	Primavera City Phase II and Miramonti I	Ongoing Application	N/A
Construction Clearance	TBA	N/A	Barangay	Verona Uptown	Ongoing Application	N/A
Fire Safety Inspection Certificate	TBA	N/A	BFP	Primavera City Phase II and Miramonti I	Ongoing Application	N/A
Environmental Compliance Certificate	TBA	N/A	EMB-DENR	Verona Gusa	Ongoing Application	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 company has entered into Contracts to Sell for Lots 1, 2 and 3 with PODC. Under the Contracts to Sell for Lots 1, 2 and 3, the respective titles will be transferred to the Company pending the completion of the amortization of payments. As of September 30, 2021, amounts of outstanding balance for Lot 1, 2, and 3 are PhP6.72 million, PhP7.33 million, and PhP7.62 million, respectively. 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 six 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 Itaipinas 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. 4/2015/0050468 7 25 Aug 2016	10 years Until 25 Aug 2026
 IDC	Registration No. 4/2016/0050303 7 10 Nov 2016	10 years 10 Nov 2026
<i>Move into Italian style</i> Move into Italian Style	Registration No. 4/2016/0050289 9 10 Nov 2016	10 years 10 Nov 2026
Living by design 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

 <p>Primavera City</p>	<p>Registration No. 4/2016/0050207 9 22 Sep 2016</p>	<p>10 years 22 Sep 2026</p>
 <p>Città Verde @ City Primavera Move into italian style</p> <p>Città' Verde @ Primavera City Move into Italian Style</p>	<p>Registration No. 4/2022/00513454 9 April 2023</p>	<p>10 years 9 April 2033</p>
 <p>Città Bella @ City Primavera Move into italian style</p> <p>Città' Bella @ Primavera City Move Into Italian Style</p>	<p>Registration No. 4/2022/00513378 4 May 2023</p>	<p>10 years 4 May 2033</p>
 <p>Città Alta @ City Primavera Move into italian style</p> <p>Città' Alta @ Primavera City Move Into Italian Style</p>	<p>Registration No. 4/2022/00513381 4 May 2023</p>	<p>10 years 4 May 2033</p>
 <p>Città Grande @ City Primavera Move into Italian style</p> <p>Città' Grande @ Primavera City Move Into Italian Style</p>	<p>Registration No. 6/2022/00513378 4 May 2023</p>	<p>10 years 4 May 2033</p>

 <p>MIRAMONTI GREEN RESIDENCES STO. TOMAS BATANGAS</p> <p>Miramonti</p>	<p>Registration No. 4/2017/00004603</p> <p>14 Sep 2017</p>	<p>10 years</p> <p>14 Sep 2027</p>
 <p>Verona GREEN APARTMENTS IN UPTOWN CDO</p>	<p>Registration No. 4/2022/00513446</p> <p>17 April 2023</p>	<p>10 years</p> <p>17 April 2033</p>
<p>MIRAMARE</p>	<p>Application No. 4/2024/504137</p> <p>10 August, 2024</p>	<p>10 years</p> <p>10 August, 2034</p>
 <p>Verona Uptown™ GREEN RESIDENCES IN UPTOWN CDO</p>	<p>Application No. 4/2024/509856</p> <p>07 September, 2024</p>	<p>10 years</p> <p>07 September, 2034</p>
 <p>Verona Gusa™ GREEN RESIDENCES IN DOWNTOWN CDO</p>	<p>Application No. 4/2024/509855</p> <p>07 September, 2024</p>	<p>10 years</p> <p>07 September, 2034</p>

 <p>F I R E N Z E R E S I D E N C E S L a p a s a n C d O</p>	<p>Application No. 4/2024/520199</p> <p>17 November, 2024</p>	<p>10 years</p> <p>17 November, 2034</p>
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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 2026 with option to renew 90 days prior to the expiry of the lease contract. Total lease payments for the duration amount to Php1,833,552.00, 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.

	March 31, 2025	December 31, 2024
Current / Liquidity Ratio		
Current Ratio	1.46	1.48
Solvency Ratio / Debt-to-Equity Ratio		
Debt-to-equity Ratio	1.71	1.61
Asset-to-Equity Ratio		
Equity Multiplier	2.71	2.61
	March 31, 2025	December 31, 2024
Interest Rate Coverage Ratio		
Interest Cover	1.82	12.57
Profitability Ratios		
Gross Profit Rate	55%	48%
	March 31, 2025	December 31, 2024
Other Ratios		
Basic Earnings per Share	0.01	0.48
Diluted Earnings per Share	0.01	0.48

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

1st Quarter of 2025 Financial Condition

As of 31 March 2025, the Group had *Total Assets* of Php 4,657,082,793 composed primarily of receivables from the sales of condominium units and inventories reclassified as investment properties. These inventories will be offered for lease.

The Group remains liquid with *Current Assets* amounting to Php 3,261,712,477 as against its *Current Liabilities* of Php 2,237,353,114.

Real Estate for Sale composed of the following:

1. Raw land
2. Condominium units for sale
3. Costs incurred for projects in which construction is in-progress
4. Pre-operating costs incurred for new projects

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

<u>Name of Banks</u>	<u>Name of Projects</u>
Landbank of the Philippines	Primavera Residences Tower A
Bank of the Philippine Islands	Primavera Residences Tower B
Development Bank of the Philippines	Primavera City Phase 1
Development Bank of the Philippines	Primavera City Phase 2
Landbank of the Philippines	Miramonti Green Residences Phase 1
Bank of the Philippine Islands	Primavera City Phase 3

Debt-to-Equity ratio is 1.71 in March 31, 2025.

As of 31 March 2025, the Group's equity increased by 0.54% brought about by its earnings for the first quarter of 2025.

Financial Condition as at 31 March 2025 compared to as at 31 December 2024

12.08% Decrease 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 next quarter. Payables to contractors were paid. And this decreased *Cash*. Payments of bank loan amortization likewise decreased *Cash*.

0.02% 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. There was a minimal increase in *Contract Assets* during the period.

28.12% Increase in Trade and Other Current Receivables

IDC implemented promotions to sell the remaining inventories. Mostly, sales were through bank financing scheme. This increased *Trade and Other Current Receivables*.

4.47% Increase in Inventories

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 next quarter. It resulted to an increase in cost incurred. This increased *Inventories*.

100% 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. These advances were returned and liquidated.

5.51% Increase in Prepayments and Other Current Assets

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

2.56% Decrease in Property and Equipment

The Group continuously expanded its operations. There were acquisitions of fixed assets. This should increase Property and Equipment. However, there was a decrease in the account due to depreciation.

0% Increase in Advances to Landowners

There were advances made to owners of land to be utilized for future projects. No increase nor decrease during the period. The amount remained the same.

0% Increase in Investment Properties

Way back in 2017, the Group made it as its intended business model that commercial and office units will be offered for leasing instead of holding them for sale. Further, there are some residential units which were also offered for leasing. It is the practice of the Group to conduct appraisal annually during year-end. As such, no increase nor decrease during the period. The amount remained the same.

0% Increase in Deferred Tax Assets

Commission expenses are being capitalized which increases the *Deferred Tax Assets*. No such transaction was done during the period.

0% Increase in Investment in an Associate

The Group has 25% shareholdings in Constellation Energy Corporation (CEC). During year-end that the Group recognizes the share in the net profit / net loss.

2.15% Decrease in Other Non-Current Assets

Refund of security deposits caused the decrease in *Other Non-Current Assets*.

4.85% Decrease in Trade and Other Current Payables

Trade and Other Current Payables primarily consist of dues to contractors for the costs of development and construction of the Group's real estate projects. During the period, there were payments which caused the decrease in the account.

113.66% Increase in Contract Liabilities

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

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

9.16% 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 secured working capital loans. However, the Group paid bank loan amortization which decreased *Borrowings*.

100% Decrease in Advances from Related Parties

The Group paid its dues to affiliated companies.

0.87% Increase in Retained Earnings

The Group earned Php 9,171,934 for the period which brought about the increase in *Retained Earnings*.

1st Quarter of 2025 Results of Operation

Net income of Php 9,171,934 was reported for the period.

Results of Operation as at 31 March 2025 compared to as at 31 March 2024

85.65% Decrease in Sales

The Group derives revenue from sale of completed and on-going construction projects from different geographical locations, Cagayan de Oro and 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.

82.70% Decrease 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*.

8.15% Increase in General and Administrative Expenses

With the existence of simultaneous projects in the pipeline, the Group continuously expands 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. The Group also secured the services of experts to smoothen the operations. There were improvements in the offices as well. Thus, *General and Administrative Expenses* increased. But despite all of these, various control measures are continuously implemented to reduce costs and expenses.

53.48% Decrease in Finance Income

Finance Income partly pertains to interest income coming from sales through In-House Financing scheme. Also, *Finance Income* pertains to penalties collected for late payments. Efficient collection decreased the collected penalties, thereby decreased *Finance Income*.

263.73% Increase in Finance Costs

These pertain to bank interests which increased due to availments from the credit lines during the previous year.

3845.28% Increase in Other Operating Income

There were adjustments done in relation to previous years' cost incurred. These resulted to recognition of income.

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 Itapinas Development Corporation as of 31 March 2025:

Stockholders	No. of Shares	Percentage
Jose D. Leviste III	182,807,930	25.25%
Romolo Nati	157,324,714	21.73%

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.

Primavera City Condominium Corporation (PCCC)

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

BOARD OF DIRECTORS

As of 31 March 2025, the members of the Board of Directors of the Company are:

Name	Position
Romolo Nati	Director/Chairman
Jose D. Leviste III	Director/President
Giuseppe Garofalo	Director/Treasurer
Calvin Ryan O. Coherco	Director
Benjamin Tan Co	Director
Melchor C. Guerrero	Independent Director
Christine P. Base	Independent Director
Jose G. Araullo	Independent Director
Alfonso L. Salcedo	Independent Director

Key Management

As of March 31, 2025, 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

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



GIUSEPPE GAROFALO
Treasurer and COO

Signed this 14th day of May 2025.

**ITALPINAS DEVELOPMENT CORPORATION
AND SUBSIDIARIES**

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2025 AND DECEMBER 31, 2024
AND FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2025 AND 2024**

ITALPINAS DEVELOPMENT CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2025 AND DECEMBER 31, 2024

	<i>Note</i>	March 31, 2025	December 31, 2024
ASSETS			
Current Assets			
Cash	5	P355,746,933	P404,620,181
Contract assets	6	617,569,567	617,462,953
Trade and other current receivables	7	1,152,270,586	899,383,271
Inventories	8	833,851,808	798,144,903
Advances to related parties	18	-	56,794,519
Other current assets	9	302,273,583	286,486,281
Total Current Assets		3,261,712,477	3,062,892,108
Noncurrent Assets			
Property and equipment	10	14,537,110	14,919,433
Advances to landowners		19,500,000	19,500,000
Right-of-use asset	24	-	-
Investment properties	11	1,324,472,000	1,324,472,000
Deferred tax assets	25	18,877,754	18,877,754
Investment in an associate	12	3,665,271	3,665,271
Other noncurrent assets	13	14,318,181	14,632,121
Total Noncurrent Assets		1,395,370,316	1,396,066,579
		P4,657,082,793	P4,458,958,687
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other current payables	14	P1,137,226,305	P1,195,222,122
Contract liabilities	6	634,628,604	297,026,084
Lease liabilities	24	-	-
Borrowings, current portion	15	459,700,581	570,673,184
Advances from related parties	18	-	8,713,399
Income tax payable		5,797,625	16,155
Total Current Liabilities		2,237,353,115	2,071,650,944
Noncurrent Liabilities			
Borrowings, net of current portion	15	410,544,589	387,294,589
Deferred tax liabilities	25	269,423,593	269,423,593
Retirement benefit obligation	16	23,179,113	23,179,113
Total Noncurrent Liabilities		703,147,295	679,897,295
Total Liabilities		2,940,500,410	2,751,548,239
Equity			
Share capital	17	362,002,057	362,002,057
Additional paid-in capital	17	297,837,870	297,837,870
Retained earnings	17		
Appropriated		300,000,000	300,000,000
Unappropriated		759,746,618	750,574,683
Other comprehensive income (loss)	16	(3,004,162)	(3,004,162)
Total Equity		1,716,582,383	1,707,410,448
		P4,657,082,793	P4,458,958,687

See Notes to the Unaudited Consolidated Financial Statements.

ITALPINAS DEVELOPMENT CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2025 AND 2024

	<i>Note</i>	2025	2024
Revenue	19	₱7,857,630	₱54,760,939
Cost of sales and services	20	(3,565,709)	(20,615,256)
Gross profit		4,291,921	34,145,683
General and administrative expenses	21	(28,670,335)	(26,510,365)
Finance costs	15	(18,163,511)	(4,993,679)
Finance income	22	172,404	370,600
Other operating income, net	23	57,322,925	1,452,949
INCOME BEFORE INCOME TAX		14,953,404	4,465,188
INCOME TAX EXPENSE	25	(5,781,470)	(1,570,856)
NET INCOME		9,171,934	2,894,332
OTHER COMPREHENSIVE INCOME (LOSS)			
Not to be reclassified to profit or loss –			
Remeasurement gain (loss) on retirement liability (net of tax)	16	-	-
TOTAL COMPREHENSIVE INCOME		₱9,171,934	₱2,894,332
BASIC AND DILUTED EARNINGS PER SHARE	27	₱0.014	₱0.005

See Notes to the Unaudited Consolidated Financial Statements.

ITALPINAS DEVELOPMENT CORPORATION AND SUBSIDIARIES

**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2025 AND 2024**

	<i>Note</i>	2025	2024
SHARE CAPITAL			
	17		
Balance at end of period		362,002,057	314,784,398
ADDITIONAL PAID-IN CAPITAL			
	17		
Balance at end of period		297,837,870	157,129,244
RETAINED EARNINGS			
	17		
<i>Unappropriated</i>			
Balance at beginning of period		750,574,684	477,996,040
Net income		9,171,934	2,894,332
Balance at end of period		759,746,618	480,890,372
<i>Appropriated</i>			
Balance at end of period		300,000,000	300,000,000
		1,059,746,618	780,890,372
OTHER COMPREHENSIVE INCOME			
	16		
<i>Remeasurement gain on retirement liability</i>			
Balance at end of period		(3,004,162)	821,754
TOTAL EQUITY		₱1,716,582,383	₱1,253,625,768

See Notes to the Unaudited Consolidated Financial Statements.

ITALPINAS DEVELOPMENT CORPORATION AND SUBSIDIARIES

**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2025 AND 2024**

	<i>Note</i>	2025	2024
Cash flows from operating activities			
Income before tax		₱14,953,404	₱4,465,188
Adjustments for:			
Finance costs	15	18,163,511	4,993,679
Depreciation and amortization	10	900,786	306,232
Finance income	22	(172,404)	(370,600)
Operating income before working capital changes		33,845,297	194,185,878
Decrease (increase) in:			
Contract assets		(106,614)	(20,665,109)
Trade and other current receivables		(252,887,315)	(18,118,130)
Inventories		(35,706,905)	(60,476,063)
Advances to related parties		56,794,519	4,143,510
Other current assets		(15,787,302)	(23,688,879)
Other noncurrent assets		313,940	(4,201,166)
Increase (decrease) in:			
Contract liabilities		337,602,520	140,597,273
Trade and other current payables		(57,995,816)	16,623,363
Cash generated from (used for) operations		66,072,324	43,609,298
Income taxes paid		-	(28,322)
Finance income received		172,404	370,600
Net cash provided by (used in) operating activities		66,244,728	43,951,576
Cash flows from an investing activity			
Acquisitions of property and equipment	10	(518,463)	(1,358,647)
Cash flows from financing activities			
Repayments of borrowings	15	(87,722,603)	(73,367,773)
Finance costs paid		(18,163,511)	(4,993,679)
Increase (decrease) in advances from related parties		(8,713,399)	(113,063)
Net cash provided by (used in) financing activities		(114,599,513)	(78,474,515)
Net increase (decrease) in cash		(48,873,248)	(35,881,586)
Cash at beginning of period		404,620,181	231,700,530
Cash at end of period	5	₱355,746,933	₱195,818,944

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” 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).

The registered principal office of the Parent Company is located at Unit 28C, BPI Philamlife Building, 6811 Ayala Ave., Makati, 1226, Metro Manila, Philippines.

The registered principal office of the subsidiaries is at Prima, Homes and Prime’s registered office address located at Unit 28C, BPI Philamlife Building, 6811 Ayala Ave., Makati, 1226, Metro Manila, Philippines.

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 11, 2025.

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). 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).

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 March 31, 2025 and 2023 and for each of the three-months period ended March 31, 2025 and 2024. 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 period ended March 31, 2024 and December 31, 2024.

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:

Name of Subsidiary	Country of Incorporation	Principal Activities	Ownership Interest
IDC Homes Inc.	Philippines	Real estate development	99.92%
IDC Prime Inc	- do -	- do -	99.92%
Prima Management Corporation	- do -	Management services	99.00%

Material Non-controlling Interest

There are no material non-controlling interests as of March 31, 2025.

3. Material Accounting Policy Information

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 Company adopted effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current. Non-current Liabilities with Covenants*. The amendments to PAS 1 together impact the classification of liabilities with covenants and any convertible notes that the Group issues with liability classified conversion features. It may impact the classification of some of the Company's debts and will require additional disclosure about the effect of the covenants of the Company.
- Amendments to PAS 7 and PFRS 7, *Supplier Financing Arrangements*. The amendments will have no impact on the amounts recognized in the financial statements but will require additional disclosures to be provided regarding the Company's use of supplier financing arrangements.
- Amendments to PFRS 16, *Leases – Lease Liability in a Sale and Leaseback*. The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right-of-use it retains solely because of a measurement of the lease liability (e.g. following a lease modification or change in the lease term) applying the general requirements in PFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

- 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

These provisions were applied retrospectively with the comparative period restated (see Note 32).

- 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 interpretation was applied retrospectively with the comparative period restated (see Note 32).

New and Amended PFRS Issued But Not Yet Effective

Relevant new and amended PFRS which are not yet effective for the period ended March 31, 2025 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2025:

- Amendments to PAS 21, *Lack of Exchangeability*. This amendments require companies to apply a consistent approach in assessing whether a currency is exchangeable and how to estimate the exchange rate if it is not. It also requires additional disclosures in estimating the exchange rate.

The comparative period is not restated for this amendment.

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*. The amendments clarify the requirements relating to (a) timing of derecognition of liabilities when they are settled using an electronic payments system and (b) how to assess contractual cash flow characteristics of financial assets, including those with environment, social and governance (ESG)-linked features. It also amends the disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and cost.

While the amendment is applied retrospectively, the comparative period is not restated for this amendment.

- Annual Improvements to PFRS Accounting Standards – Volume 11
 - Amendments to PFRS 1, *First-time Adoption of PFRS – Head Accounting as a First-time Adopter*. The amendment addressed a potential confusion arising from an inconsistency in wording between paragraph B6 of PFRS 1 and requirements for hedge accounting in PFRS 9, *Financial Instruments*.
 - Amendments to PFRS 7, *Financial Statements – Disclosures*. The amendment addressed a potential confusion in paragraph B38 of PFRS 7 which requires entities to disclose the gain or loss on derecognition of financial assets where a fair value measurement involves unobservable inputs. The confusion arose from an obsolete reference to a paragraph that was deleted from the standard when PFRS 13, *Fair Value Measurement* was issued. The implementation guidance accompanying PFRS 7 clarifies the disclosures of deferred differences between fair values and transaction prices and, credit risk.
 - Amendments to PFRS 9, *Financial Instruments – Lessee Derecognition of Lease Liabilities and Transaction Price*. The amendment clarifies the application of the requirements in PFRS 9 to account for an extinguishment of a lessee' lease liability. It also clarifies the definition of 'transaction price', addressing potential confusion arising from a reference in Appendix A to PFRS 9 to the definition in PFRS 15, *Revenue from Contracts with Customers*.
 - Amendments to PFRS 10, *Consolidated Financial Statements – Determination of a 'de facto agent'*. The amendment addressed a potential confusion arising from an inconsistency between paragraphs B73 and B74 of PFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.
 - Amendments to PAS 7, *Statement of Cash Flows – Cost Method*. The amendment addressed a potential confusion of applying paragraph 37 of PAS 7 that arises from the use of the term 'cost method' that is no longer defined in PFRS Accounting Standards.

These amendments are applied retrospectively with the comparative period restated, except for the amendments relating to derecognition of lease liabilities in PFRS 9, which only applies to lease derecognized on or after the amendment is adopted.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS 18, *Presentation and Disclosures of Financial Statements*. This standard will replace PAS 1, *Presentation of Financial Statements*. It requires the statement of profit or loss to be broken down into three subsections, operating, investing and financing, similar to the layout of the cash flow statement. It also requires management performance measurers that are used by a company in other communications to be included in a note to the financial statements including a reconciliation to the nearest PFRS equivalent measure. The standard provides additional guidance on the aggregation and disaggregation of information on the face of financial statements and the notes to provide a useful structured summary of the reporting entity's assets, liabilities, equity, income, and expenses that are useful to users in assessing the prospects for future net cash inflows to the entity and in assessing management's stewardship of the entity's economic resources.

PFRS 18 is applied retrospectively with the comparative period restated.

- PFRS 19, *Subsidiaries without Public Accountability*. The standard specifies the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other PFRS Accounting Standards. It requires companies who meet the specific criteria to apply the recognition and measurement of other standards.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28 – *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture*. The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute 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, except for 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) and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*) for the Real Estate Industry, the adoption of the new and amended standards did not have nor is expected to have an impact on the financial statements of the Company.

Current versus Noncurrent Classification

The Company presents assets and liabilities in the 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 Company classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

Financial Assets and Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the 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 Company 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 Company 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 Company determines the appropriate method of recognizing the “Day 1” difference.

Classification. The Company 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 Company's business model and its contractual cash flow characteristics.

Financial Assets and Liabilities at FVPL. Financial assets and liabilities at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "solely for payment of principal and interest" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Company may, at initial recognition, designate a financial asset or financial liability meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL and held for trading financial liabilities are recognized in profit or loss.

For financial liabilities designated at FVPL under the fair value option, the amount of change in fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

As at March 31, 2025 and December 31, 2024, the Company 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 Company 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 March 31, 2025 and December 31, 2024, the Company's cash, contract assets, trade and other current receivables, advances to related parties and other noncurrent assets (i.e., security deposits, and escrow funds) are included under this category.

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 Company 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 March 31, 2025 and December 31, 2024, the Company's liabilities arising from its trade and other current payables, excluding government liabilities, advances from related parties and borrowings are included under this category.

Reclassification

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.

Derecognition of financial assets and liabilities

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 include input value-added tax (VAT), deferred input VAT, prepaid tax and prepayments.

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
Computer equipment	5 years
Tools inventory	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 property are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

The Company uses fair value model for the accounting of its investment properties. Under this method, investment properties are initially measured at cost but are subsequently remeasured at fair value at each reporting date, which reflects market conditions at the reporting date. Cost comprises the purchase price and any directly attributable costs in developing and improving the properties. Cost also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. The fair value of investment properties is determined using market approach by an independent real estate appraiser. 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 corresponding tax effect.

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.

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 or real estate for sale, 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 Company 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.

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.

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.

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.

Revenue from real estate sales. The Company derives its real estate revenue from sale of real estate projects.

Revenue from the sale of completed real estate project is accounted for using the full accrual method in which revenue is recognized at a point in time when control is transferred to a customer.

Revenue from the sale of 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 Company's performance does not create an asset with an alternative use and the Company 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.

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. 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 26 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.

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.

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.

Sale of trade receivables. The Company has entered into an arrangement with a bank wherein it discounted its trade receivables with recourse. The Company believes that the sale transactions are not more than infrequent and that the receivables discounted is insignificant both individually and in aggregate. The Company 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. 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, and discount rates.

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 at March 31, 2025 and December 31, 2024, there is no allowance for ECL on financial assets and contract assets of the Group (see Note 7).

Management assessed and concluded that there is no impairment loss required to be recognized in the three-months period ended March 31, 2025 and 2024.

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 ₱833,851,808 and ₱798,144,903 as at March 31, 2025 and December 31, 2024, 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 three-month periods March 31, 2025 and 2024.

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 ₱14,537,110 and ₱14,919,433 as at March 31, 2025 and December 31, 2024 respectively (see Note 10).

There was no change in the useful life of property and equipment in 2025 and 2024.

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 ₱23,179,113 as at March 31, 2025 and December 31, 2024 (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:

	March 31, 2025	December 31, 2024
Cash on hand	P1,050,000	P1,650,000
Cash in banks	354,696,933	402,970,181
	P355,746,933	P404,620,181

Cash in banks earn interest at the prevailing bank deposit rates. Finance income earned from bank deposits amounted to P66,836 and P370,600 for the three-month periods ended March 31, 2025 and 2024 respectively (see Note 22).

There is no restriction on the Group's cash balances as of March 31, 2025 and December 31, 2024.

6. Contract Assets and Contract Liabilities

This account consists of:

	March 31, 2025	December 31, 2024
Contract assets	P617,569,567	P617,462,953
Contract liabilities	(634,628,604)	(297,026,084)
	(P17,059,037)	P320,436,869

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:

	March 31, 2025	December 31, 2024
Trade receivables	P1,079,116,910	P843,214,824
Advances to officers and employees	16,878,618	15,427,328
Advances to suppliers and contractors	20,893,744	14,803,568
Others	35,381,313	25,937,551
	P1,152,270,586	P899,383,271

Trade receivables pertain to receivables from sale of condominium units. Receivables under in-house financing 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.

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.

Others pertaining advances of override commission.

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 the three-month periods March 31, 2025 and 2024.

8. Inventories

This account consists of:

	March 31, 2025	December 31, 2024
Raw land	P45,425,743	P45,425,743
Condominium units for sale	66,104,964	66,104,964
Assets under construction	722,238,110	686,531,205
Housekeeping supplies	82,991	82,991
Balance at end of year	P833,851,808	P798,144,903

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.

Assets under construction

Assets under construction consist of land and project development cost of ongoing real estate project of the Group. As at March 31, 2025 and December 31, 2024, 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. The loan is collateralized by real estate mortgage on the Company's land in Sto. Tomas, Province of Batangas with total land area of 2,057 sqm with a total carrying value of P14,399,000 (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.

Primavera City Phase 2 is 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 with carrying value of ₱11,778,090 as at March 31, 2025 and December 31, 2024 (see Note 15).

The Group has purchase commitments with its subcontractors to complete its projects as at March 31, 2025 and December 31, 2024.

As at March 31, 2025 and December 31, 2024, inventories is stated at cost which is lower than its NRV.

9. **Other Current Assets**

The account consists of:

	March 31, 2025	December 31, 2024
Input VAT	₱213,630,710	₱209,130,897
Deferred input VAT	55,868,386	56,400,005
Prepaid tax	22,326,988	12,143,692
Prepayments	6,722,106	4,919,916
Others	3,725,393	3,891,771
	₱302,273,583	₱286,486,281

Prepayments refer to office space rental paid in advance. Others include prepayments of real property taxes, advance rent and power tools.

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	Total
Costs						
At December 31, 2024	₱7,323,240	₱7,298,694	₱14,541,337	₱14,663,952	₱5,812,467	₱49,639,690
Additions	-	489,380	-	-	29,083	518,463
At March 31, 2025	7,323,240	7,788,074	14,541,337	14,663,952	5,841,550	50,158,153
Accumulated depreciation and amortization						
At December 31, 2024	7,323,240	5,661,601	9,086,729	10,734,546	1,914,141	34,720,257
Depreciation and amortization	-	107,345	500,873	267,890	24,678	900,786
At March 31, 2025	7,323,240	5,768,946	9,587,602	11,002,436	1,938,819	35,621,043
Carrying amount						
At March 31, 2025	₱-	₱2,019,128	₱4,953,735	₱3,661,516	₱3,902,731	₱14,537,110
At December 31, 2024	₱-	₱1,637,093	₱5,454,608	₱3,929,406	₱3,898,326	₱14,919,433

The Group's transportation equipment with carrying amounts of ₱4,953,735 and ₱5,454,608 as at March 31, 2025 and December 31, 2024 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 March 31, 2025 and December 31, 2024. 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 March 31, 2025 and December 31, 2024.

Depreciation and amortization is composed of the following:

	<i>Note</i>	2025	2024
Property and equipment		₱900,786	₱306,232
Right-of-use assets	24	-	-
	21	₱900,786	₱306,232

11. Investment Properties

This account consists of:

	March 31, 2025	December 31, 2024
Primavera Properties:		
Residential	₱6,768,000	₱6,768,000
Office	600,768,000	600,768,000
Commercial	120,196,000	120,196,000
Parking	22,800,000	22,800,000
Miramonti Properties:		
Residential	270,111,000	270,111,000
Commercial	303,829,000	303,829,000
Total	₱1,324,472,000	₱1,324,472,000

The movements of this account are as follows:

	<i>Note</i>	March 31, 2025	December 31, 2024
Balance at beginning of the period		₱1,324,472,000	₱1,037,720,000
Unrealized gain from fair market value measurement	23	-	342,932,585
Transfers from real estate inventories	8	-	41,710,415
Transfer to real estate inventories	8	-	(56,413,000)
Transfers to common area	8	-	-
Investment property sold		-	(41,478,000)
Balance at end of the period		₱1,324,472,000	₱1,324,472,000

On September 11, 2024, 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. The investment properties are used as collateral for the loans (see Note 15).

As at March 31, 2025 and December 31, 2024, 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:

2025	Quoted prices in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable input (Level 3)
Investment properties			
Date of valuation: December 31, 2024	₱-	₱-	₱1,324,472,000
2024	Quoted prices in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable input (Level 3)
Investment properties			
Date of valuation: December 31, 2024	₱-	₱-	₱1,324,472,000

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		Relationship of unobservable input to fair value
			2025	2024	
Primavera Project	Sales Comparison Approach	Unit value (price per square meter)	₱76,000 to ₱195,000	₱76,000 to 195,000	The higher the price per square meter, the higher the fair value
Property	Valuation technique	Significant unobservable inputs	2025	2024	Relationship of unobservable input to fair value
Miramonti Project	Sales Comparison Approach	Unit value (price per square meter)	₱157,000 to ₱202,000	₱157,000 to 202,000	The higher the price per square meter, the higher the fair value

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:

	March 31, 2025	December 31, 2024
Balance at beginning of the period	P3,665,271	P1,266,205
Share in net income (loss) for the year	-	2,399,066
Balance at end of the period	P3,665,271	P3,665,271

The Group holds a 25% ownership in common shares of Constellation Energy Corporation (CEC) acquired at total costs of P5,000,000. 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 Ave., Makati, 1226, Metro Manila, 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, 2024 are as follows:

Statements of financial position

	2024
Cash	P12,660,865
Current assets other than cash	1,255,486
Noncurrent assets	3,974,886
Trade and other payables	(3,230,155)
Net assets	P14,661,082

Statements of comprehensive income

	2024
Revenue	P16,683,211
Interest income	14
Depreciation	(1,267,897)
Other expenses, net	(5,819,066)
Loss after tax	9,596,262

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:

	2024
Net asset	P14,661,082
Company's share of net asset (25% equity interest)	3,665,271
	P3,665,271

13. Other Noncurrent Assets

The account consists of:

	March 31, 2025	December 31, 2024
Security deposits	₱7,673,303	₱7,947,243
Escrow funds	6,052,433	5,826,463
Others	203,756	469,726
Cost to obtain a contract	388,689	388,689
	₱14,318,181	₱14,632,121

The movements of cost to obtain a contract are as follows:

	<i>Note</i>	March 31, 2025	December 31, 2024
Balance at beginning of the period		₱388,689	₱20,660,839
Additions		-	5,832,517
Amortization	20	-	(26,104,667)
Balance at end of the period		₱388,689	₱388,689

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.

14. Trade and Other Current Payables

The account consists of:

	March 31, 2025	December 31, 2024
Trade payables	₱901,766,702	₱1,002,294,946
Government liabilities	151,419,229	126,834,799
Accruals and other payables	28,153,542	31,708,451
Miscellaneous fees payable	55,886,832	34,383,926
	₱1,137,226,305	₱1,195,222,122

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

Movements of this account are as follows:

	March 31, 2025	December 31, 2024
Balance at beginning of the period	₱957,967,773	₱987,541,269
Availments	-	725,702,386
Payments	87,722,603	(755,275,882)
Balance at end of the period	870,245,170	957,967,773
Less: Current portion of loans payable	459,700,581	570,673,184
Noncurrent portion of loans payable	₱410,544,589	₱387,294,589

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)	March 31, 2025	December 31, 2024
Land Bank of the Philippines (LBP)	Construction of Miramonti project	Interest and principal payable quarterly	Real estate properties, trade receivables	6% - 6.5%	₱348,613,421	₱429,150,220
Bank of the Philippines (DBP)	Construction of Primavera Twin Tower project Car loan For Working Capital Requirements and For Outright	Interest and principal payable quarterly	Real estate properties	5.5% - 7.5%	293,258,724	330,544,701
Security Bank Corporation	Purchase of in clearing checks	Interest and principal payable monthly	Secured by a chattel mortgage and auto loan	7.5%-8%	228,373,025	198,272,852
					₱870,245,170	₱957,967,773

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 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).

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.

The Group has neither incurred any default nor were the terms of the loans renegotiated for the period ended March 31, 2025 and December 31, 2024.

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 March 31, 2025 and December 31, 2024.

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-trusted and is unfunded.

The movements in retirement benefit obligation are as follows:

	March 31, 2025	December 31, 2024
Balance at beginning of the period	P23,179,113	P15,349,863
Current service cost	-	1,792,677
Interest cost	-	935,351
Remeasurement loss (gain)	-	5,101,222
Balance at ending of the period	P23,179,113	P23,179,113

The components of retirement benefits charged to operations are as follows:

	2025	2024
Current service cost	P-	P1,792,677
Net interest cost	-	935,351
	P-	P2,728,028

The cumulative remeasurement gain recognized in other comprehensive income follows:

	March 31, 2025		Net
	Accumulated remeasurement gain (loss)	Deferred tax asset (liability) (Note 25)	
Balance at beginning of the period	(P4,005,550)	P1,001,388	(P3,004,162)
Remeasurement loss	-	-	-
Balance at end of the period	(P4,005,550)	P1,001,388	(P3,004,162)

	December 31, 2024		Net
	Accumulated remeasurement gain (loss)	Deferred tax asset (liability) (Note 25)	
Balance at January 1	P1,095,672	(P273,918)	P821,754
Remeasurement loss	(5,101,222)	1,275,306	(3,825,916)
Balance at December 31	(P4,005,550)	P1,001,388	(P3,004,162)

The assumptions used to determine retirement liability are as follows:

Discount rate	6.09%
Salary increase rate	5.00%

The sensitivity analyses based on reasonably possible changes of the assumptions are as follows:

	Increase (Decrease)	Effect on retirement liability 2024
Discount rate	+1	P2,110,516
	-1	(2,478,888)
Salary increase rate	+1	(5,473,578)
	-1	(7,347,580)

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

	March 31, 2025		December 31, 2024	
	No. of Shares	No. of Shares	No. of Shares	Amount
Authorized				
Common Shares - ₱0.50 par value per share	2,604,000,000	₱650,000,000	2,604,000,000	₱650,000,000
Preferred Shares - ₱0.50 par value per share	200,000,000	50,000,000	200,000,000	50,000,000
	2,804,000,000	₱700,000,000	2,804,000,000	₱700,000,000
Issued and outstanding				
Common Shares				
Beginning balance	724,014,114	₱361,377,057	724,014,114	₱361,377,057
Issuances	-	-	-	-
Ending balance	724,014,114	₱361,377,057	724,014,114	₱361,377,057

b) Additional paid-in capital

Additional paid-in capital arises when the amount subscribed for share capital is in excess of the par value.

As of March 31, 2025 and December 31, 2024, additional paid-in capital amounted to ₱297,837,870, which arose from the following:

- i. 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
Forward	

Taxes to be paid by the Company	9,742,930	
Philippine SEC filing 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	(P16,228,221)
Net proceeds		191,211,779
Share capital		(28,811,000)
		162,400,779
Expenses related to IPO		(5,271,535)
Share premium by way of IPO		P157,129,244

- ii. The issuance of additional 94,435,319 shares on November 22, 2024 through a private placement. Details are as follows:

Consideration received	P187,926,285
Share capital	(47,217,658)
Net share premium	P140,708,627

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 P300,000,000 for future development. The Company plans to begin construction of several major projects starting in 2025. These projects are located in key areas such as Palawan, Boracay, and Bukidnon etc. Construction is expected to take approximately 3 to 4 years. As such, the projects are targeted for completion between 2027 and 2028.

d) *Details and movements of shares listed with PSE*

As at March 31, 2025 and December 31, 2024, the Group has issued an outstanding common shares of 724,014,114 with par value of P361,377,057.

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
2024	Private placement	94,435,319	1.99

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
Primavera Residences Condominium Corporation (PRCC)	Affiliate	Philippines
Edil-Impresa Inc.	Affiliate	Philippines
Individuals	Key management personnel/shareholders	-

Outstanding balances with related parties are as follows:

	March 31, 2025	December 31, 2024
CEC	P-	P17,356,490
Edil-Impresa Inc.	-	24,931,624
PCC	-	102,478
PRCC	-	87,002
Shareholders	-	14,316,925
	P-	P56,794,519
	2025	2024
Edil-Impresa Inc.	P-	P8,713,399
CEC	-	-
	P-	P8,713,399

The outstanding balances of advances to and from related parties are unsecured, have 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 March 31, 2025 and December 31, 2024.

Key management compensation amounted to P8.6 million and P7.1 million for the three-month periods March 31, 2025 and 2024, respectively. There are no long-term compensation and post-employment and termination benefits of key management personnel.

19. Revenue

The components of the Company's net revenue follow:

	2025	2024
Real estate sales	P7,857,630	P54,760,939
Sale of service	-	-
	P7,857,630	P54,760,939

The Group's revenues 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:

<i>Geographical location</i>	2025	2024
Cagayan de Oro	P4,847,174	P39,869,002
Batangas	3,010,456	14,891,937
	P7,857,630	P54,760,939

Revenue categorized as recognized overtime and at a point in time are presented as follows:

	2025	2024
Overtime	P7,857,630	P35,559,250
Point in time	-	19,201,689
	P7,857,630	P54,760,939

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:

	2025	2024
Cost of sales	P3,565,709	P20,615,256
Cost of services	-	-
	P3,565,709	P20,615,256

Details of cost of sales follow:

	2025	2024
Cost of sales – completed units	P-	P13,363,800
Cost of sales – uncompleted units	3,565,709	7,251,456
Cost of sales – leasing	-	-
	P3,565,709	P20,615,256

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.

21. General and Administrative Expenses

This account consists of:

	<i>Note</i>	2025	2024
Salaries and other employee benefits		₱13,278,888	₱14,150,291
Commission		4,505,870	1,493,712
Taxes and licenses		3,854,431	1,537,586
Depreciation and amortization	10	900,786	306,232
Dues and subscription		748,364	864,168
Transportation and travel		712,769	794,760
Legal and professional fees		665,505	2,474,477
Utilities		647,496	630,441
Insurance		644,089	871,135
Representation and entertainment		517,997	696,575
Advertising and marketing		460,205	705,389
Office supplies		349,176	316,956
Rental	24	315,580	288,754
Communication		216,029	-
Repairs and maintenance		157,125	292,881
Donations		34,994	79,524
Trainings and seminars		11,480	116,489
Miscellaneous		649,551	890,995
		₱28,670,335	₱26,510,365

Miscellaneous pertain mainly to penalties for the buyback loan agreement.

22. Finance Income

The account consists of:

	<i>Note</i>	2025	2024
Cash in banks	5	₱66,836	₱370,600
Trade receivables	7	105,568	-
		₱172,404	₱370,600

23. Other Operating Income, Net

The account consists of:

	<i>Note</i>	2025	2024
Rental income	24	₱1,182,855	₱-
Miscellaneous income		55,062,384	-
Others		1,077,686	1,452,949
		₱57,322,925	₱1,452,949

Others pertain mainly to forfeited collections from cancelled sales.

24. Commitments and Contingencies

Leases - Group 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 Group has a lease contract with Terrace 28 Corporation for its office and parking space. The lease is for a period of two years commencing from March 1, 2022 to February 28, 2024 with quarterly rent of ₱428,200. In 2024, the contract was again extended for another one (1) year starting March 1, 2024 to February 28, 2025 with option to renew by providing written notice to the lessor one hundred fifty (150) days prior to expiry of lease contract.

Short-term and leases of low-value assets

The Company leases staff houses with average term of one to three months.

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 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.

Agreements with Landowners

The Group, through its subsidiaries, has entered into various agreements with landowners for the use and/or development of land for future projects. In consideration thereof, the landowners will share in the saleable units of the projects. These agreements generally outline the rights of obligations of both parties, including terms related to land access, usage, development timelines, and compensation structures. As part of these agreements, the Group may make advances to landowners to cover certain project related expenses, such as documentation, clearances, or initial development costs. These advances generally recoverable and may be offset against the landowners' share of future revenues, as specified in the agreements.

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 changed from 1% to 2% of gross income.

The income tax expense consists of:

	2025	2024
Current	₱5,781,470	₱1,570,856
Deferred	-	-
	₱5,781,470	₱1,570,856

The current provision for corporate income tax for the three-month periods March 31, 2025 and 2024 represents regular corporate income tax for the Parent Company and minimum corporate income tax for the subsidiaries.

Reconciliation between the provision for income tax at the statutory tax rate and the actual provision for income tax for the three-month periods March 31, 2025 and 2024 is as follows:

	2025	2024
Income before income tax	₱14,953,404	₱4,465,188
Statutory income tax at statutory tax rate	₱5,781,470	₱1,570,856
Tax effects of:		
Non-deductible expenses	-	-
Income subject to final tax	-	-
	₱5,781,470	₱1,570,856

The components of deferred tax assets (liabilities) as at March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025	December 31, 2024
Deferred tax assets:		
Capitalized commission net of amortization	₱12,807,696	₱12,807,696
Retirement benefit obligation	5,794,780	5,794,780
Gross profit on advances	275,278	275,278
Difference between cash paid over interest and depreciation – PFRS 16	-	-
	18,877,754	18,877,754
Deferred tax liabilities:		
Unrealized gain on fair value of investment properties	(248,519,202)	(248,519,202)
Difference between tax and book basis for real estate transactions	(20,904,391)	(20,904,391)
	(269,423,593)	(269,423,593)
	(₱250,545,839)	(₱250,545,839)

Movements of deferred tax assets and liabilities follow:

	March 31, 2025	December 31, 2024
Beginning balance	(P250,545,839)	(P195,482,492)
Movement through profit or loss	-	(56,338,653)
Movement through OCI	-	1,275,306
Ending balance	(P250,545,839)	(P250,545,839)

The components of the Group's unrecognized deferred tax assets follow:

	March 31, 2025	December 31, 2024
NOLCO	P12,562,805	P12,562,805
MCIT	153,525	153,525
	P12,716,330	P12,716,330

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.

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 three-month periods March 31, 2025 and 2024 are as follows:

	2025	2024
Net income for the period	₱9,171,934	₱2,894,332
Weighted average number of shares outstanding used for computation of diluted income per share	639,899,595	629,568,795
Basic earnings per share	₱0.014	₱0.005
Diluted earnings per share	₱0.014	₱0.005

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 three-month periods March 31, 2025 and 2024.

Average number of shares outstanding used for the computation of basic earnings per share and diluted earnings per share:

	Number of shares outstanding	
	2025	2024
March 31, 2025 and December 31, 2024	724,004,113	724,004,113

	Weighted average number of shares	
	2025	2024
March 31, 2025 and December 31, 2024	639,899,595	639,899,595

28. Supplemental Information on the Computation of Earnings Before Interests, Taxes, Depreciation, and Amortization (EBITDA)

Computation of EBITDA follows:

	2025	2024
Net income	₱9,171,934	₱2,894,332
Add:		
Finance cost	18,163,511	4,993,679
Provision for income tax	5,781,470	1,570,856
Depreciation and amortization	900,786	306,232
Finance income	(172,404)	(370,600)
	₱33,845,297	₱9,394,499

29. Supplemental Disclosure on Cash Flow Information

Reconciliation of liabilities arising from financing activities:

	2025	2024
<i>Borrowings</i>		
At beginning of the period	P957,967,773	P987,541,269
Loan acquisition	-	725,702,386
Repayments	(87,722,603)	(755,275,882)
At end of the period	P870,245,170	P957,967,773

30. Financial Instruments

The following table shows the classification, carrying values and fair values of the Group's financial assets and financial liabilities:

	March 31, 2025		December 31, 2024	
	Carrying value	Carrying value	Carrying value	Carrying value
Financial assets				
<i>Financial assets at amortized costs</i>				
Cash	P355,746,933	P355,746,933	P404,620,181	P404,620,181
Contract assets	617,569,567	617,569,567	617,462,953	617,462,953
Trade and other receivables*	1,114,498,224	1,114,498,224	869,152,375	869,152,375
Advances to related parties	-	-	56,794,519	56,794,519
Other noncurrent assets**	13,725,737	13,725,737	13,773,706	13,773,706
	P2,101,540,461	P2,101,540,461	P1,961,803,734	P1,961,803,734
Financial liabilities				
<i>Financial liabilities at amortized costs</i>				
Trade and other payables***	P985,807,078	P985,807,078	P1,068,387,323	P1,068,387,323
Advances from related parties	-	-	8,713,399	8,713,399
Borrowings	870,245,170	870,245,170	957,967,773	957,967,773
	P1,856,052,248	P1,856,052,248	P2,035,068,495	P2,035,068,495

* 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:

	March 31, 2025		
	Quoted prices in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable input (Level 3)
Financial assets			
<i>Financial assets at amortized costs</i>			
Cash	P355,746,933	P-	P-
Contract assets	-	617,569,567	-
Trade and other receivables	-	1,114,498,224	-
Advances to related parties	-	-	-
Other noncurrent assets	-	13,725,737	-
	P355,746,933	P1,745,793,528	P-
Financial liabilities			
<i>Financial liabilities at amortized costs</i>			
Trade and other payables	P-	P985,807,078	P-
Advances from related parties	-	-	-
Borrowings	-	870,245,170	-
	P-	P1,856,052,248	P-
December 31, 2024			
	Quoted prices in active market (Level 1)	Quoted prices in active market (Level 1)	Quoted prices in active market (Level 1)
Financial assets			
<i>Financial assets at amortized costs</i>			
Cash	P404,620,181	P-	P-
Contract assets	-	617,462,953	-
Trade and other receivables	-	869,152,375	-
Advances to related parties	-	56,794,519	-
Other noncurrent assets	-	13,773,706	-
	P404,620,181	P1,557,183,553	P-
Financial liabilities			
<i>Financial liabilities at amortized costs</i>			
Trade and other payables	P-	P1,608,387,323	P-
Advances from related parties	-	8,713,399	-
Borrowings	-	957,967,773	-
	P-	P2,575,068,495	P-

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 are as follows:

	March 31 2025	December 31, 2024
Borrowings	₱870,245,170	₱957,967,773
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
March 31, 2025	-3%	₱984,546
	+3%	(984,546)
December 31, 2024	-3%	₱1,916,894
	+3%	(1,916,894)

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:

	March 31, 2025	December 31, 2024
<i>At amortized cost</i>		
Cash	₱355,746,933	₱404,620,181
Contract assets	617,569,567	617,462,953
Trade and other receivables*	1,114,498,224	869,152,375
Advances to related parties	-	56,794,519
Other noncurrent assets**	13,725,737	13,773,706
	₱2,101,540,461	₱1,961,803,734

* *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 March 31, 2025					Total
	Cash in banks	Contract Assets	Trade and other receivables*	Other noncurrent assets**	Advances to related parties	
Neither past due nor impaired	₱354,696,933	₱370,584,386	₱1,009,809,406	₱13,725,737	₱-	₱1,748,816,462
Past due but not impaired						-
1-30 days	-	72,037,344	3,543,832	-	-	75,581,176
31-60 days	-	82,328,394	2,453,041	-	-	84,781,435
Over 60 days	-	92,619,443	98,691,944	-	-	191,311,387
Impaired	-	-	-	-	-	-
	₱354,696,933	₱617,569,567	₱1,114,498,224	₱13,725,737	₱-	₱2,100,490,461

* *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, 2024					Total
	Cash in banks	Contract Assets	Trade and other receivables*	Other noncurrent assets**	Advances to related parties	
Neither past due nor impaired	₱402,970,181	₱321,919,090	₱861,628,514	₱13,773,706	₱56,794,519	₱1,657,086,010
Past due but not impaired						-
1-30 days	-	98,499,192	2,492,524	-	-	100,991,716
31-60 days	-	97,684,209	1,677,542	-	-	99,361,751
Over 60 days	-	99,360,462	3,353,795	-	-	102,714,257
Impaired	-	-	-	-	-	-
	₱402,970,181	₱617,462,953	₱869,152,375	₱13,773,706	₱56,794,519	₱1,960,153,734

* *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 March 31, 2025							
	Cash in banks	Contract assets	Trade and other receivables	Other noncurrent assets	Advances to related parties	Total	
High grade	P354,696,933	P-	P-	P-	P-	P354,696,933	
Standard grade	-	617,569,567	1,009,809,406	13,725,737	-	1,641,104,710	
Impaired	-	-	-	-	-	-	
	P354,696,933	P617,569,567	P1,009,809,406	P13,725,737	P-	P1,995,801,643	

At December 31, 2024							
	Cash in banks	Contract assets	Trade and other receivables	Other noncurrent assets	Advances to related parties	Total	
High grade	P402,970,181	P-	P-	P-	P-	P402,970,181	
Standard grade	-	617,462,953	861,628,514	13,773,706	56,794,519	1,549,659,692	
Impaired	-	-	-	-	-	-	
	P402,970,181	P617,462,953	P861,628,514	P13,773,706	P56,794,519	P1,952,629,873	

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 March 31, 2025				
	On demand	Within 1 year	More than 1 year but not more than 5 years	Total
Trade and other payables*	P985,807,078	P-	P-	P985,807,078
Advances from related parties	-	-	-	-
Borrowings	-	459,700,581	410,544,589	870,245,170
Future interest on borrowing	-	55,115,444	27,378,619	82,494,063
	P985,807,078	P514,816,025	P437,923,208	P1,938,546,311

As at December 31, 2024				
	On demand	Within 1 year	More than 1 year but not more than 5 years	Total
Trade and other payables*	₱1,608,387,323	₱-	₱-	₱1,065,600,828
Advances from related parties	8,713,399	-	-	8,713,399
Borrowings	-	570,673,184	387,294,589	957,967,773
Future interest on borrowing	-	43,551,010	31,530,589	75,081,599
	₱1,617,100,722	₱614,224,194	₱418,825,178	₱2,107,363,599

* 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:

	March 31, 2025	December 31, 2024
Principal of loan	₱870,245,170	₱957,967,773
Current portion	(459,700,581)	(570,673,184)
Net of current portion	₱410,544,589	₱387,294,589
Future interest	₱82,494,063	₱75,081,609
Current portion	(55,115,444)	(43,551,010)
Net of current portion	₱27,378,619	₱31,530,599
Cash flow from principal of loan	₱870,245,170	₱957,967,773
Cash flow from future interest	82,494,063	75,081,609
	₱952,739,233	₱1,033,049,382

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 periods ended March 31, 2025 and December 31, 2024.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED MARCH 31, 2025

ITALPINAS DEVELOPMENT CORPORATION

Unit 28C, BPI Philamlife Building, 6811 Ayala Ave., Makati, 1226,
Metro Manila, Philippines

Unappropriated Retained Earnings, beginning of reporting period	₱750,574,683
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	-
	<hr/>
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	-
	<hr/>
Unappropriated Retained Earnings, as adjusted	750,574,683
Add/Less: Net income for the current period	9,171,934
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	-
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	-
Other unrealized transactions accounted for under the PFRS	-
Sub-total	<hr/>
	<hr/>
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	-
Sub-total	<hr/>
	<hr/>

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	-
Adjusted Net Income/Loss	9,171,934
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	-
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	-
Total Retained Earnings, end of the reporting period available for dividend	₱759,746,618

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	₱355,746,933	₱355,746,933	Not applicable	Not applicable	₱66,836	₱-
Contract assets	Not applicable	Not applicable	617,569,567	617,569,567	Not applicable	Not applicable	-	-
Trade receivables and other receivables*	Not applicable	Not applicable	1,114,498,224	1,114,498,224	Not applicable	Not applicable	105,568	-
Advances to related parties	Not applicable	Not applicable	-	-	Not applicable	Not applicable	-	-
Other noncurrent assets**	Not applicable	Not applicable	13,725,737	13,725,737	Not applicable	Not applicable	-	-
			₱2,101,540,461	₱2,101,540,461			₱172,404	₱-

* 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	₱56,169,519	-	18,397,157	-	-	₱37,772,362	-	₱37,772,362

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
Subsidiaries	Advances	₱300,048,517	39,498,434	-	-	-	₱339,546,951	-	₱339,546,951

Schedule V. Long – term debt

Banking institution	Annual interest rate	Terms	Security	Maturity date	2025	2024
Development Bank of the Philippines (DBP)	5.50 %	7 years	Real estate properties	04/02/2027	8,010,000	8,900,000
	5.50%	7 years	Real estate properties	04/02/2027	11,250,000	12,500,000
	5.50%	6 years	Real estate properties	04/02/2027	7,110,000	7,900,000
	5.50%	5 years	Real estate properties	04/02/2027	2,782,800	3,092,000
	6.00%	5 years	Real estate properties	04/02/2027	3,357,000	3,730,000
	6.00%	5 years	Real estate properties	04/02/2027	12,600,000	14,000,000
	6.75%	5 years	Real estate properties	04/02/2027	15,000,000	16,666,668
	6.75%	5 years	Real estate properties	04/02/2027	7,350,000	8,166,667
	7.00%	4 years	Real estate properties	04/02/2027	9,529,412	10,588,235
	7.25%	4 years	Real estate properties	04/02/2027	10,058,824	11,176,471
	8.50%	4 years	Real estate properties	04/02/2027	7,200,000	8,000,000
	9.00%	4 years	Real estate properties	04/02/2027	14,400,000	16,000,000
	8.75%	4 years	Real estate properties	04/02/2027	5,250,000	5,833,333
	8.50%	4 years	Real estate properties	04/02/2027	12,600,000	14,000,000
	8.75%	4 years	Real estate properties	04/02/2027	16,521,429	18,357,143
	8.75%	4 years	Real estate properties	04/02/2027	11,507,143	12,785,714
	8.75%	4 years	Real estate properties	04/02/2027	7,200,000	8,000,000
	8.00%	3 years	Real estate properties	04/02/2027	4,631,538	5,146,154
	8.75%	3 years	Real estate properties	04/02/2027	32,197,500	35,775,000
	8.25%	3 years	Real estate properties	04/02/2027	16,845,545	18,717,273
	8.00%	3 years	Real estate properties	04/02/2027	37,800,000	37,800,000
	5.75%	4 years	Real estate properties	12/07/2025	7,200,000	9,600,000
	5.75%	4 years	Real estate properties	12/07/2025	4,050,000	5,400,000
	5.75%	4 years	Real estate properties	12/07/2025	3,157,895	4,210,526
	5.75%	4 years	Real estate properties	12/07/2025	1,578,947	2,105,263
	5.75%	4 years	Real estate properties	12/07/2025	6,315,789	8,421,053
5.75%	4 years	Real estate properties	12/07/2025	833,333	1,111,111	
5.75%	4 years	Real estate properties	12/07/2025	3,333,333	4,444,444	
5.75%	4 years	Real estate properties	12/07/2025	3,000,000	4,000,000	
5.75%	4 years	Real estate properties	12/07/2025	10,588,235	14,117,647	

Banking institution	Annual interest rate	Terms	Security	Maturity date	2025	2024
Security Bank	7.50%	1 year	Short term	10/17/2025	47,325,570	48,677,729
	7.50%	1 year	Short term	12/20/2025	30,863,208	31,728,532
	7.50%	1 year	Short term	03/20/2025	17,104,315	-
	7.75%	3 months	Short term	04/02/2025	27,000,000	30,000,000
	7.75%	3 months	Short term	04/28/2025	11,622,615	12,914,016
	7.75%	3 months	Short term	06/03/2025	7,748,410	8,609,344
	7.75%	3 months	Short term	06/04/2025	29,160,000	32,400,000
	7.75%	3 months	Short term	06/11/2025	14,348,907	15,943,230
	7.75%	3 months	Short term	06/11/2025	16,200,000	18,000,000
	7.75%	3 months	Short term	06/13/2025	27,000,000	-
Land Bank of the Philippines	6.25%	5 years	Term Loan	08/01/2025	3,081,399	4,743,338
	6.25%	5 years	Term Loan	08/01/2025	4,622,099	7,115,007
	6.25%	5 years	Term Loan	08/01/2025	3,243,578	4,992,987
	6.25%	4 years	Term Loan	08/01/2025	4,814,687	7,411,465
	6.25%	4 years	Term Loan	08/01/2025	1,699,301	2,615,811
	6.25%	4 years	Term Loan	08/01/2025	2,407,343	3,705,733
	6.25%	4 years	Term Loan	08/01/2025	2,082,352	3,205,459
	6.55%	3 years	Term Loan	08/01/2025	2,063,437	3,176,342
	7.46%	3 years	Term Loan	08/01/2025	1,629,586	2,508,496
	8.25%	3 years	Term Loan	08/01/2025	3,326,511	5,120,649
	8.50%	2 years	Term Loan	08/01/2025	385,175	592,917
	8.50%	2 years	Term Loan	08/01/2025	791,748	1,218,774
	8.50%	2 years	Term Loan	08/01/2025	1,059,231	1,630,522
	8.50%	2 years	Term Loan	08/01/2025	2,648,078	4,076,306
	8.50%	1 year	Term Loan	08/01/2025	5,938,113	9,140,807
	8.50%	1 year	Term Loan	08/01/2025	16,730,373	17,066,667
	8.25%	4 years	Term Loan	12/29/2027	87,315,282	96,570,387
	8.50%	4 years	Term Loan	12/29/2027	43,657,641	48,285,194
	8.50%	4 years	Term Loan	12/29/2027	43,657,641	48,285,194
	8.50%	4 years	Term Loan	12/29/2027	21,828,821	24,142,597
	8.50%	4 years	Term Loan	12/29/2027	72,762,735	80,475,323
	8.50%	3 years	Term Loan	12/29/2027	14,552,547	16,095,065
	8.50%	3 years	Term Loan	12/29/2027	8,315,741	9,197,180
Total borrowings					870,245,170	957,967,773
Less: current portion of the loan					(459,700,581)	(570,673,184)
					₱410,544,589	₱387,294,589

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	2,604,000,000	629,578,795	-	-	360,133,581	269,435,214
Preferred shares	200,000,000	94,435,319	-	-	-	-
Totals	2,804,000,000	724,014,114	-	-	360,133,581	269,435,214

Schedule VII. Schedule of financial soundness indicators for two comparative periods

	March 31, 2025	March 31, 2024
Current/Liquidity Ratio		
Current ratio	1.46	1.53
Solvency Ratio/Debt-to-Equity Ratio		
Net debt-to-equity ratio	1.71	2.04
Asset-to-Equity Ratio		
Net assets per share	2.73	1.99
Profitability Ratios		
Gross profit ratio	55%	62%
EBITDA	₱33,845,297	₱9,394,499
Other Ratios		
Basic earnings per share	₱0.014	₱0.005
Diluted earnings per share	₱0.014	₱0.005