

## MANAGEMENT REPORT

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

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

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

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

### **Item 3. Audit and Audit-Related Fees**

Fees approved in connection with the audit and audit-related services rendered by BDO Roxas pursuant to the regulatory and statutory requirements for the years ended 31 December 2020, 2019 and 2018 amounted to PHP966,000, PHP901,600 and PHP1,101,240, respectively.

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

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

*The following discussion summarizes the significant factors affecting the financial performance, financial position and cash flows of Itaipinas Development Corporation ("IDC" or the "Company") for calendar year ended December 31, 2020. The following discussion should be read in conjunction with the attached audited financial statements of financial position and the accompanying notes of the Company as of December 31, 2020 and 2019, and the related statements of income, comprehensive income, changes in equity and cash flows for each of the previous calendar years of IDC. All necessary adjustments to present fairly the Company's financial position as of December 31, 2020 and the financial performance and cash flows for the year ended December 31, 2020 and for all other periods presented, have been made. All financial information is reported in Philippine Pesos (Php).*

*Any references in this MD&A to "we", "us", "our", "Company" means the Itaipinas and references to "Itaipinas" mean Itaipinas Development Corporation, not including its wholly-owned subsidiaries.*

## KEY PERFORMANCE INDICATORS

	<b>For the years ended December 31</b>			
	2018	2019	2020	3Q 2021
	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Unaudited</i>
Current Ratio (x) <sup>1</sup>	3.28	2.22	1.76	1.78
Solvency Ratio <sup>2</sup>	1.73	1.61	1.56	1.48
Debt-to-Equity Ratio (x) <sup>3</sup>	1.37	1.63	1.79	2.06
Gross Margin (%) <sup>4</sup>	0.54	0.65	0.46	0.59
Return on Equity (%) <sup>5</sup>	0.32	0.44	0.27	0.07
Net Margin (%) <sup>6</sup>	0.38	0.34	0.50	0.11

### Notes:

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

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

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

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

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

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

## FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### 3rd Quarter of 2021 Financial Condition

As of 30 September 2021, the Company had Total Assets of Php 2,710,109,106 composed primarily of receivables from sale of condominium units, real estate inventories for sale and investment properties.

The Company remains liquid with Current Assets amounting to Php 2,146,555,242 as against its Current Liabilities of Php 1,204,249,851.

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

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

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

Debt-to-Equity ratio is 2.06 in September 30, 2021.

As of 30 September 2021, the Company's equity increased by 3.30% brought about by its earnings for 3rd quarter of 2021.

## **Financial Condition as at 30 September 2021 compared to as at 31 December 2020**

### *55.83% Decrease in Cash*

During the period, the construction of Miramonti was speed-up. Same with Primavera City Phase 1, its construction was likewise speed-up so as to achieve its turnover on the 3rd quarter. These contributed to the decrease in Cash.

### *53.69% Increase in Contract Assets*

Contract Assets pertain to receivables from the sales of projects still under construction. The Company generated additional receivables from the sale of Primavera City Phase 2 and Miramonti Green Residences Phase 1 during the period. This increased the Contract Assets.

### *50.50% Decrease in Trade and Other Current Receivables*

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

### *48.54% Increase in Real Estate for Sale*

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

### *9.23% Increase in Advances to Related Parties*

The advances between affiliates and subsidiaries brought about the increase in Advances to Related Parties.

### *35.08% Increase in Prepayments and Other Current Assets*

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

### *6.07% Decrease in Property and Equipment*

Depreciation decreased the Property and Equipment account.

### *2.63% Decrease in Investment in Associate and Subsidiary*

Payment of advances by the associate / subsidiary decreased the Investment in Associate and Subsidiary account.

### *1.27% Decrease in Other Non-Current Assets*

Refund of deposits decreased the Other Non-Current Assets account.

### *36.59% Increase in Trade and Other Current Payables*

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

### *28.07% Decrease in Borrowings, current portion*

Pre-payments of bank loans caused the Borrowings to decrease.

### *43.18% Increase in Borrowings, non-current portion*

Tranche releases of bank development loans brought about the increase.

### *5.87% Increase in Retained Earnings*

The company earned Php 28,277,247 for the period which brought about the increase in Retained Earnings.

## **3rd Quarter of 2021 Results of Operation**

Italpinas reported a net income of Php 28,277,247 for the period.

Results of Operation as at 30 September 2021 compared to as at 30 September 2020

### *29.67% Decrease in Sales*

The decrease in sales is partly due to the compliance in the accounting principles on the recognition of sales.

### *47.88% Decrease in Cost of Sales*

Decrease in Sales correspondingly decreased the Cost of Sales.

### *5.62% Decrease in General and Administrative Expenses*

The Company continued to expand its operations. On the other hand, control measures were implemented to effectively manage the costs and expenses. This caused the General and Administrative Expenses to decrease.

### *98.91% Decrease in Finance Income*

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

### *24.64% Increase in Finance Costs*

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

### *8.28% Decrease in Other Operating Income*

Rental income decreased in 2021. Further, there were cancellations in 2020 for default accounts in which the corresponding collections were forfeited, thus, an income to the Company for last year.

### **2020 Financial Condition**

As of 31 December 2020, the Company had Total Assets of Php 2,392,079,242 composed primarily of receivables from sale of condominium units, real estate inventories for sale and investment properties.

The Company remains liquid with Current Assets amounting to Php 1,827,351,524 as against its Current Liabilities of Php 1,038,992,092.

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

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

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

Debt-to-Equity ratio is 1.79 in December 31, 2020.

On 31 December 2020, the Company's equity increased by 16% brought about by its earnings for year 2020.

### **Financial Condition as at 31 December 2020 compared to as at 31 December 2019**

#### *168.29% Increase in Cash*

In December 2020, the Company secured loans from DBP's WPC (Working Permanent Capital) credit line intended for operational use. Tranche release of development loan from Landbank was also received during that same month. These contributed to the increase in Cash.

#### *64.60% Increase in Contract Assets*

Contract Assets pertain to receivables from the sales of projects still under construction. The Company generated receivables of about Php 350 million for Primavera City Phase 2 and about Php 120 million for Miramonti Green Residences Phase 1 for the year.

### *32.34% Decrease in Trade and Other Current Receivables*

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

### *19.33% Increase in Real Estate for Sale*

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

### *19.63% Decrease in Advances to Related Parties*

The Company has advances intended for future project developments. However, portion of those was considered “unusable” and as such was returned to the Company. This caused the decrease in Advances to Related Parties.

### *18.22% Increase in Prepayments and Other Current Assets*

In 2020, IDC paid withholding taxes and developer’s taxes pertaining to title transfers. These withholding taxes and developer’s taxes are creditable taxes which caused the Prepayments and Other Current Assets to increase. Accumulated input taxes also brought about the increase.

### *5.72% Decrease in Property and Equipment*

Depreciation correspondingly decreased the Property and Equipment account. However, the Company sold one of its vehicles to buy a new one which contributed to the further decrease in Property and Equipment.

### *101.03% Increase in Investment Properties*

Way back in 2017, the Company made it as its intended business model that commercial and office units will be offered for leasing instead of holding them for sale. In 2020, commercial and office units of Primavera City Phase 2 and Miramonti Green Residences Phase 1 were reclassified as Investment Properties, thus, it increased the account.

### *37.90% Decrease in Investment in Associate and Subsidiary*

The Company has 25% shares in Constellation Energy Corporation (CEC) and 100% shares both in LBD Luzon Corporation and LBD Mindanao Corporation. CEC had a net loss for year 2020. IDC’s share in the net loss of CEC caused the decrease in the investment account. LBD Luzon Corporation and LBD Mindanao Corporation were still not operational as of December 31, 2020.

### *27.35% Increase in Other Non-Current Assets*

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

#### *42.88% Increase in Trade and Other Current Payables*

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

#### *12.04% Decrease in Contract Liabilities*

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

#### *14.28% Increase in Borrowings*

Despite the payments of Php 141 million for bank loan amortization, the Borrowings account increased due to the availments for the year amounting to Php 217 million. The Company draw-down from its short-term credit lines with DBP and UCPB for operational purposes. The Company also secured loans from DBP's WPC (Working Permanent Capital) credit line intended for the purchase of solar panel and generator for Primavera City Phase 1. Tranche releases of development loan from DBP and Landbank were likewise received during the year, which were used for the continuous construction of Primavera City Phase 2 and Miramonti Green Residences Phase 1.

#### *52.99% Decrease in Advances from Related Parties*

The Company partially settled its advances from Constellation Energy Corporation, thus caused the account to decrease.

#### *31.62% Increase in Retained Earnings*

The company earned Php 115,719,271 for the period which brought about the increase in Retained Earnings.

### **2020 Results of Operation**

The Company reported a net income of Php115,719,271 for the year.

### **Results of Operation as at 31 December 2020 compared to as at 31 December 2019**

#### *59.10% Decrease in Sales*

Despite the pandemic, the Company sold more than 200 units in year 2020 with equivalent peso value of about Php 600 million. This was achieved in part due to strategic deployment of promotions and calibrated discounts that were implemented by the Company in order to sustain sales through the unprecedented pandemic conditions. While these measures rendered positive results, and sales activity remained robust, a

decrease in sales is reported as a result of close compliance with current accounting standards regarding the recognition of sales, and the resulting adjustment to the reflected amount.

#### *52.02% Decrease in Cost of Sales*

Decrease in Sales correspondingly decreased the Cost of Sales.

#### *14.72% Increase in General and Administrative Expenses*

With the existence of simultaneous projects and the others in the pipeline, the company continuously expanded its operations. Additional manpower were hired particularly those directly related to engineering and construction. The Company also secured the services of experts to smoothen the operations. Additional offices were set-up as well. All of these increased the General and Administrative Expenses.

#### *36.89% Decrease in Finance Income*

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

#### *22.62% Increase in Finance Costs*

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

#### *120.99% Increase in Other Operating Income*

As discussed above, way back in 2017, the Company made it as its business model that commercial and office units will be offered for leasing instead of holding them for sale. The appraised value of these units increases over the years. Therefore, the Company earned appraisal income which increased the Other Operating Income account.

### **2019 Financial Condition**

As of December 31, 2019, the Company had total assets of Php1,950,309,555 composed primarily of Contract Assets and Accounts Receivables from sale of condominium units. The Company remains liquid with Current Assets amounting to Php1,647,012,762 as against its Current Liabilities of Php742,419,713.

*Real Estate for Sale* represents costs incurred for on-going project, Primavera City phase 1.

*Land for Future Development* pertains to amortization payments for lots of Primavera City phases 2 to 4.



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

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

Debt-to-Equity ratio is 1.63 in December 31, 2019.

In 31 December 2019, the Company's equity increased by 58.71% brought about by increase in earnings for year 2019.

### **Financial Condition as at 31 December 2019 compared to as at 31 December 2018**

#### *176.77% Increase in Cash*

Increase in cash was brought about by collections through end-user bank financing.

#### *508.82% Increase in Receivables*

Increase in sales correspondingly increase receivables. Sales mostly were on installment.

#### *53.54% Increase in Real Estate Inventory*

Costs incurred for on-going projects increased the *Real Estate Inventory*.

#### *21.97% Decrease in Due to / from Related Parties*

IDC paid Constellation for the prior year's share in rental and utilities which caused the *Due to / from Related Parties* to decrease.

#### *19.18% Increase in Prepayments and Other Current Assets*

In 2019, IDC paid withholding taxes pertaining to CCT transfers. These withholding taxes are creditable taxes which caused the *Prepayments and Other Current Assets* to increase.

#### *72.57 Increase in Property and Equipment*

Renovation of new office and purchase of company vehicle caused the *Property and Equipment* to increase.

#### *129.63% Increase in Other Non-Current Assets*

Rental deposits increased the *Other Non-Current Assets*.

### *103.58% Increase in Trade and Other Payables*

Included in *Trade and Other Payables* are advances from buyers which caused the increase. These pertain to collections from sale of Miramonti units. Sales of Miramonti units were not yet recognized as revenue in as much as construction did not reach the required excavation stage as of 31 December 2018.

### *58.71% Increase in Retained Earnings*

The company earned Php191,676,573 for the period which brought about the increase in *Retained Earnings*.

## **2019 Results of Operation**

The Company reported a net income of Php191,676,573 for the year.

## **Results of Operation as at 31 December 2019 compared to as at 31 December 2018**

### *53.72% Increase in Real Estate Sales*

In 2019, the company sold more compared with last year. Likewise, with the new presentation to comply with PFRS 15, recognition of *Gross Profit* materially affected the *Sales* and *Cost of Sales* figures.

### *35.72% Decrease in Finance Income*

This pertains to interest income earned out of sales through In-House Financing scheme of payment which slightly decreased in 2019.

### *103.08% Increase in Cost of Sales*

Increase in *Sales* correspondingly increased *Cost of Sales*.

### *42.40% Increase in General and Administrative Expenses*

With the existence of simultaneous projects and others in the pipeline as well, the company continuous to expand its operations as follows:

1. Additional manpower
2. Additional office spaces
3. Secured permits and licenses for new projects

## **2018 Financial Condition**

As of December 31, 2018, the Company had total assets of PhP1,300,833,505 composed primarily of Contract Assets from sale of condominium units. The Company remains liquid with Current Assets amounting to PhP1,130,435,375 as against its Current Liabilities of PhP344,602,946.

*Real Estate for Sale* represents costs incurred for on-going project, Primavera City phase 1.

*Land for Future Development* pertains to amortization payments for lots of Primavera City phases 2 to 4.

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

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

Debt-to-Equity ratio is 1.37 in December 31, 2018.

In 31 December 2018, the Company's equity increased by 156% brought about by increase in earnings for year 2018.

### **Financial Condition as at 31 December 2018 compared to as at 31 December 2017**

#### *63.21% Decrease in Cash*

Decrease in cash was brought about by amortization of bank loans and payment to contractors.

#### *74.31% Decrease in Receivables*

Increase in sales correspondingly increase receivables. Sales mostly were on installment.

#### *50.59% Increase in Real Estate Inventory*

Costs incurred for on-going projects increased the *Real Estate Inventory*.

#### *43.47% Increase in Prepayments and Other Current Assets*

In 2018, IDC paid withholding taxes pertaining to CCT transfers. These withholding taxes are creditable taxes which caused the *Prepayments and Other Current Assets* to increase.

#### *24.90% Increase in Property and Equipment*

Renovation of new office and purchase of company vehicle caused the *Property and Equipment* to increase.

#### *17.97 Increase in Trade and Other Payables*

Included in *Trade and Other Payables* are advances from buyers which caused the increase. These pertain to collections from sale of Miramonti units. Sales of Miramonti units were not yet recognized as revenue in as much as construction did not reach the required excavation stage as of 31 December 2018.

#### *165.23% Increase in Retained Earnings*

The company earned Php139,951,688 for the period which brought about the increase in *Retained Earnings*.

### **2018 Results of Operation**

The Company reported a net income of Php139,951,688 for the year.

### **Results of Operation as at 31 December 2018 compared to as at 31 December 2017**

#### *94.27% Increase in Real Estate Sales*

In 2018, the company sold more compared with last year. Likewise, with the new presentation to comply with PFRS 15, recognition of *Gross Profit* materially affected the *Sales* and *Cost of Sales* figures.

#### *11.77% Decrease in Finance Income*

This pertains to interest income earned out of sales through In-House Financing scheme of payment which slightly decreased in 2018.

#### *69.11% Increase in Cost of Sales*

Increase in *Sales* correspondingly increased *Cost of Sales*.

#### *111.02% Increase in General and Administrative Expenses*

With the existence of simultaneous projects and others in the pipeline as well, the company continuous to expand its operations as follows:

1. Additional manpower
2. Additional office spaces
3. Secured permits and licenses for new projects

## OTHER INFORMATION

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

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

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

Not applicable.

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

The Company has not entered into any material commitments as of September 30, 2021 nor has it entered into any material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons created during the applicable period.

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

None outside the course of ordinary business of the Company.

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

None.

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

None outside the course of ordinary business of the Company.

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

Please see discussion above.

**8. Seasonal aspects that has material effect on the FS:**

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

**9. Percentage of Sales contributed by foreign buyers:**

Not material. For the last 3 years, percentage of sales to foreign buyers are 7.27, 6.01 and 11.82 for 2018, 2019 and 2020, respectively.

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

### **OVERVIEW OF THE BUSINESS**

Italpinas Development Corporation was incorporated in January 26, 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 latest 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 will be 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 September 30, 2021, units available for sale for both Tower A and Tower B are almost fully sold. Construction of Primavera City Phase 1 was fully completed on 2020. The Company launched Phase 2 of the Primavera City last June 2019. As of September 30, 2021, Primavera City Phase

2 is almost sold. Construction of Primavera City Phase 2 is expected to be completed by 4Q 2022. Phase 3 and Phase 4 envisioned as a high-rise mixed condo is slated for development in 3rd quarter of 2022 and 2nd quarter of 2024 respectively or sooner depending on the sales take up of the projects.

As of September 30, 2021, the first four (4) lots of Primavera City Phase 1 and Phase 2, comprised of a total area of 3,748 sqm have been fully paid with the corresponding titles registered under the Company's name. In order to secure the entire development of the Primavera City complex, Pueblo de Oro Development Corporation and IDC have executed Contracts to Sell to acquire the remaining three (3) adjoining lots that consist of a total area of 2,810 sqm for the planned Phases 3 and 4 of the projects.

Given the established relationship of the Company with the ICCP Group, the owner and developer of the Pueblo de Oro Township in Cagayan de Oro City, the Company has fully paid the land in Sto. Tomas, Batangas, comprising of 2,057 sqm, this is the site for IDC's mixed-use development project, the Miramonti Phase 1. As of September 30, the company has sold more than 85% of the units available for sale.

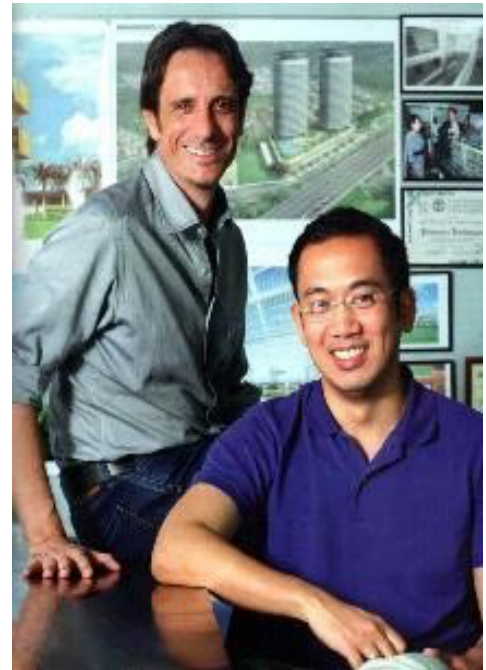
The Miramonti project site is strategically located adjacent to the Manila-Batangas expressway, the Southern Tagalog Arterial Road ("STAR") Tollway, and directly accessed by the existing expressway exit, which is attractive to both growing local demand as well as the constant flow of traffic passing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

In 2009, Arch. Romolo V. 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 Dr. Jose P. 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.

## 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."*

## 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 2019-2020 by International Property Awards- Asia Pacific (Miramonti Green Residences)
2. Best Innovation Project of the Year 2018 by The Outlook-Lamudi, Philippines (Miramonti Green Residences)
3. Winner of Best Mixed Used Development in the Asia Pacific in 2017 by the International Property Awards held in Bangkok, Thailand, for Primavera City
4. 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
5. Winner of Leadership in Green Building in the 2016 Philippine Green Building Council Awards, July 2016, for Primavera Residences
6. First Completed Condominium Project in East Asia in 2015 by Edge (Excellence in Design for Greater Efficiencies), for Primavera Residences
7. Winner of Best Mixed Use Development in the Philippines in the 2014-2015 International Property Awards, for Primavera Residences
8. Highly Commended as Best Condominium Development in the Philippines in the 2011 Southeast Asia Property Awards (SEAPA), for Primavera Residences
9. Finalist in the Most Promising Clean Energy Investment Opportunities in the 2010 CTI-PFAN Asia Forum for Clean Energy Financing (Philippines), for Primavera Residences
10. Finalist in the Most Promising Clean Energy Investment Opportunities in the 2013 CTI-PFAN Asia Forum for Clean Energy Financing (Singapore), for Primavera City
11. Winner of the Special Energy Award in the 2011 International Architectural Competition (Design Against the Elements, "DATE"), Coral City
12. Highly Interesting Real Estate Project in the 2012 Xavier (Ateneo) University Cagayan de Oro City, for Primavera Residences and IDC
13. Highly Appreciated for Environmental Protection for Sustainable Development in 2011 by the National University of Manila, for Primavera Residences

In addition, Arch. Nati and Atty. Leviste have been invited to speak at 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

## **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.

### **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, and 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 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-user's 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
<b>No. of Towers</b>	2 Towers	Phase 1: 2 Towers	Phase 2: 2 Towers	Phase 1:1 Tower
<b>No. of Floors</b>	10 floors	12 floors	12 floors	21 floors
<b>No. of Units/</b>	298 units	291 units	291 units	352 units
<b>No. of Units/</b>	28 units	51 units	57 units	12 units
<b>Approx. Gross Building Area</b>	19,961 sq.m.	18,489 sq.m.	21,063 sq.m.	20,593 sq.m.
<b>Net Sellable</b>	11,957 sq.m.	13,143 sq.m.	13,146 sq.m.	12,270 sq.m.
<b>Total No. of Units(including parking)</b>	380 units	405 units	423 units	406 units
<b>Stage</b>	COMPLETED	CONSTRUCTION ON-GOING	CONSTRUCTION ON-GOING	CONSTRUCTON 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

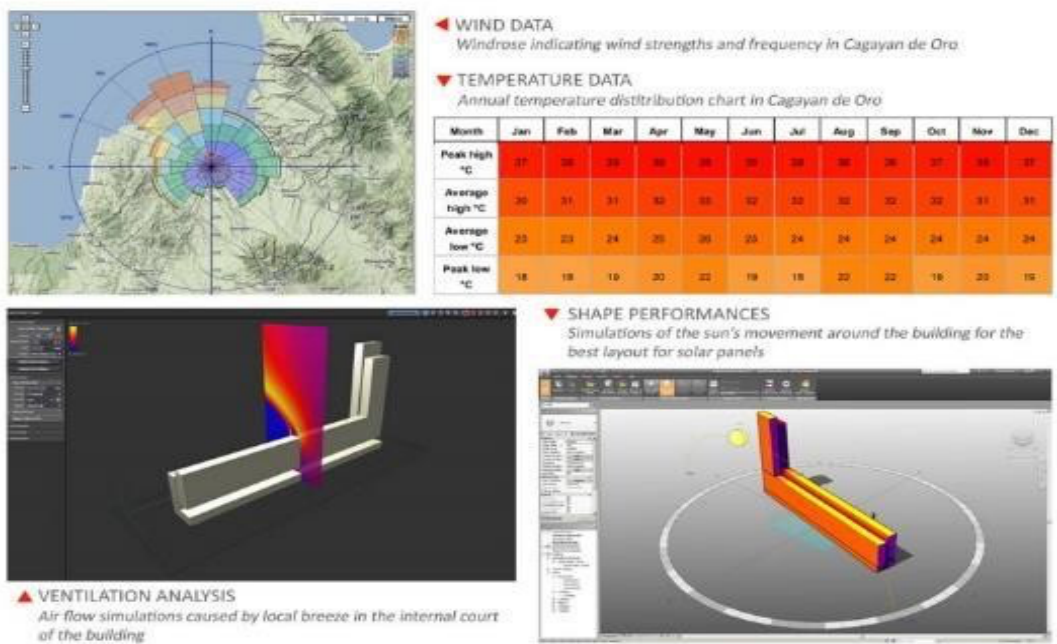
inside the Pueblo de Oro Business Park, an export zone registered with the Philippine Export Zone Authority (PEZA). The Company was able to establish itself here as the “first-mover” in introducing condominium living in Cagayan de Oro City.

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.

**PASSIVE GREEN ENERGY STRATEGIES**



Residential units are located from the third to the tenth floor, with an open-air playground and socials space found at the third floor. The shared rooftop spanning both buildings features drying cages for the convenience of residents, and will soon showcase a solar panel installation to supply a portion of the energy needs of the building's common areas. In addition, the buildings are equipped with entrance lobbies, two elevators each, CCTV security cameras, and provision for cable television, landlines, and internet access.

The building showcases green features to both save and generate energy. Façades are shaded by cantilevered ledges that protect windows from direct contact with the sun's rays during the hottest times of the day. The dimensions and placement of these ledges are optimized by the use of parametric design software, taking into account the exact path traveled by the sun through the sky, each day throughout the year, at the building site's precise latitude on the earth.

The building is also designed to decrease indoor temperature by increasing natural ventilation. This is achieved through green strategies including an inner courtyard that functions as a natural chimney, drawing warmer air upward from the 3<sup>rd</sup> 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 September 30, 2021, units available for sale of this project are 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 consist of the fifth and sixth



*Photo: Primavera City Architectural Rendering*

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 on 2020.

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 4Q 2022. Primavera City phase 2 project is a mixed-use project consisting of 12 floors with 291 residential units located from the 4<sup>th</sup> floor to 11<sup>th</sup> floor. The third and fourth phase, high-rise mixed condominiums, are slated for development in 1Q 2022 and 2Q 2024 respectively or sooner depending on the sales take up of the projects.

At present, the first four (4) lots of Primavera City Phase 1 and Phase 2, comprised of a total area of 3,748 sq.m have been fully paid with the corresponding titles bearing TCT No. 137-2016001800 & 137-2016001714 for Phase 1, and TCT NO. 137-2020000889 & 137-2020001209 for Phase 2, registered under the Company's name and are mortgaged with Development Bank of the Philippines. In order to secure the entire development of the Primavera City complex, PODC and IDC have executed the Contracts to Sell to acquire the remaining three (3) adjoining lots that consist of a total area of 2,810 sq.m for the planned Phases 3 and 4 of the projects.

## **Miramonti**

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



*Photo: Miramonti Green Residences Architectural Rendering*



on March 23, 2017 and is mortgaged with Land Bank of the Philippines.

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 in 2020. 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 holds a right of first refusal to purchase this lot with the owner, RFM Science Park of the Philippines, Inc. which is intended for Miramonti Phase 2.

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

## **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.

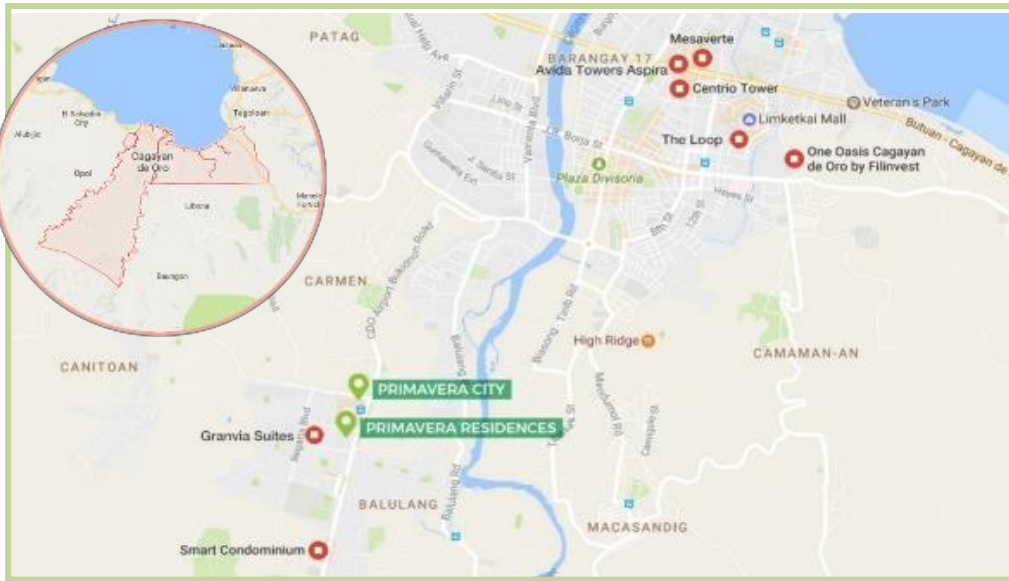
## **COMPETITION**

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 to mention a few.

In the local scenario, 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.

Since IDC launched its Primavera Residences in 2010, several developers started to

enter the vertical housing market in Cagayan de Oro (“CDO”). To date, there are three (3) notable projects under construction of ALI, one (1) project of VLL, and another one (1) by FLI. However, all these projects are located in downtown Cagayan De Oro; about 10-15 kms. from where Primavera Residences is located. West Uptown Cagayan de Oro is an urban expansion area identified and defined by the updated comprehensive development plan 2017-2019 for Cagayan de Oro City as consisting of Barangays Carmen, Canitoan, Lumbia and Pagatpat. It is the location of IDC’s Primavera projects, and 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 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.<sup>1</sup> Uptown is also considered by many to be a safer and more secure alternative and has been host to promising development in recent years.

Among the West Uptown Development Area proposed developments<sup>2</sup> 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 Area<sup>3</sup>. Lumbia Airport, owned by the national government through the Civil Aviation Authority of the Philippines (CAAP), is also the selected relocation site for the PAF's 15th Strike Wing<sup>4</sup>.

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

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 2013
Primavera Residences Tower B	IDC	Uptown CDO	Ready for Occupancy 2015
Granvia Suites	Johndorf Ventures Corporation	Uptown CDO	Ready for Occupancy 2013
Smart Condominium	Yega Development Corporation	Uptown CDO	Construction Stage
One Oasis	Filinvest	Downtown CDO	Construction Stage
The Loop	Vista Land	Downtown CDO	Construction Stage
Centrio Towers	Ayala Land	Downtown CDO	Construction Stage
Avida Tower	Ayala Land	Downtown CDO	Construction Stage
Aspira Tower	Ayala Land	Downtown CDO	Planning Stage
FICCO Condominium	FICCO	Downtown CDO	Planning Stage
Global CDO Residences	Pamatong Construction	Downtown CDO	Construction Stage

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. Ayala Land is positioned for the high to luxury end market, while the middle- and upper-income market segments are the target markets of Vista Land and Filinvest Land. IDC's Primavera Residences project is positioned to capture the middle to upper income segment.

<sup>1</sup> Updated Comprehensive Development Plan 2017 – 2019. CAGAYAN DE ORO CITY.

<sup>2</sup> Comprehensive Land Use Plan 2019-2027. CAGAYAN DE ORO CITY.

3 Updated Comprehensive Development Plan 2017 – 2019.CDO

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

5 Ibid

Project	Developer	No. of Bldgs.	No. of Flrs.	No. of Units
Primavera Residences Tower A	IDC	1	10	161
Primavera Residences Tower B	IDC	1	10	219
Granvia Suites	Johndorf Ventures Corporation	1	7	82
Smart Condominium	Yega Development Corporation	1	6	No Data
One Oasis	Filinvest Land	6	7	130

Project	Developer	No. of Bldgs.	No. of Flrs.	No. of Units
The Loop	Vista Land	1	25	500
Centrio Towers	Ayala Land	1	23	522
Avida Tower	Ayala Land	1	31	No Data
Aspira Tower	Ayala Land	1	27	636
FICCO Condominium	FICCO	1	No Data	No Data
Global CDO Residences	Pamatong Construction	1	10	No Data

Project	Developer	Market Positioning
Primavera Residences Tower A	IDC	Middle to High Income Bracket
Primavera Residences Tower B	IDC	Middle to High Income Bracket
Granvia Suites	Johndorf Ventures Corporation	Middle Income Bracket
Smart Condominium	Yega Development Corporation	Middle to High Income Bracket
One Oasis	Filinvest	Middle to High Income Bracket
The Loop	Vista Land	Middle to High Income Bracket
Centrio Towers	Ayala Land	Middle to High Income Bracket
Avida Tower	Ayala Land	Middle to High Income Bracket
Aspira Tower	Ayala Land	Middle to High Income Bracket
FICCO Condominium	FICCO	For COOP Members
Global CDO Residences	Pamatong Construction	Unknown

In terms of the sizes of the condominium units, the smallest area is 21 sqm (the Loop) with the biggest cut at 60 sqm for 2-bedroom unit offered by Ayala Land and Vista Land. IDC will maintain more studio and one-bedroom units to respond to the market needs.

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
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
One Oasis	Filinvest		28.27	42.82	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
FICCO Condominium	FICCO	No Data	No Data	No Data	No Data	No Data
Global CDO Residences	Pamatong Construction	No Data	No Data	No Data	No Data	No Data

In terms of pricing, Primavera Residences Tower A and B is very competitive based on the average selling price per sqm. Although with the lowest price, Granvia Suites cannot compare with Primavera Residences because of its lack of amenities such as elevator, swimming pool, gym and function rooms.

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	1.90	5.50
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
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	No Data	No Data	No Data	No Data	No Data
FICCO Condominium	FICCO	No Data	No Data	No Data	No Data	No Data
Global CDO Residences	Pamatong Construction	No Data	No Data	No Data	No Data	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 the Company as of the June 30, 2021.

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
Multi Rich Home Decors Inc	181 A. DEL MUNDO ST., 10TH AVE., CALOOCAN CITY	Supply of Additional Tiles for PC I Tower A&B	Primavera City I – Tower A&C
A.V. Pamatong Trading & Construction Corp.	National Highway, Baloy, Cagayan de Oro City	Additional Works for structural of PC I Towers A&C	
MVU Trade-Com Centre	358 Dr. Sixto Antonio Ave., Maybunga, Pasig City	Supply, delivery and installation of furnishings for IDC's Offices at Ground and 2nd floor of PC I A&C	
Southeast Gates	1803 Dian St., Palanan, Makati City	Supply of Tiles for PC I	
Rider Levett Bucknall Philippines, Inc.	CGC Compound No. 54 Danny Floro St., Brgy. Bagong Ilog, Pasig City	Project/construction mgmt & quantity surveying (PM/CM/QS) consultancy services	Primavera City I - Tower B
A.V. Pamatong Trading & Construction Corp.	National Highway, Baloy, Cagayan de Oro City	Masonry Works for PC 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	

KVR Construction Services	7th Floor Wingrace Dormitory Bldg., Fernandez St., Cagayan De Oro City	Architectural works for PC I Tower B	
2G Konstrakt Inc.	Unit 308 Ortigas Royale Condominium Brgy., San Juan Cainta, Rizal	Electrical works package Primavera City Phase 1	
A.V. Pamatong Trading & Construction Corp.	National Highway, Baloy, Cagayan de Oro City	Construction of siteworks & structural works	
A.V. Pamatong Trading & Construction Corp.	National Highway, Baloy, Cagayan de Oro City	Structural and Earth works at Primavera City Phase II	Primavera City II
Intellicraft Industrial Services, Inc.	Suite 910 West Tower, Phil Stock Exchange Bldg., Pasig City	Construction of Green Residences Showroom	
CL Madriaga Enviro-safe Engineers	84 New York Mansions, Montreal St., Brgy. E.Rodriguez, Quezon City	MPF Design for Miramonti	
V. B. Columna Construction Corporation	33 Azcuena St., Violeta Village, Sta. Cruz, Guiguinto	Construction of Preliminary Works & Site Development Works of Miramonti Sales Office	Miramonti I
2G Konstrakt Inc.	Unit 308 Ortigas Royale Condominium Brgy., San Juan Cainta, Rizal	MPEF Roughing-ins	
Steelasia Manufacturing Corporation	2F B2 Bonifacio High Street, Fort Bonifacio Global City, TAGUIG	Purchase of Reinforcing Bar	
D. L. Cervantes Construction Corporation	Gen. Malvar St., Brgy. Tubigan, Binan City, Laguna	Structural works of Miramonti phase I	

## DEPENDENCE ON A FEW OR 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.

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

- i. Website: [www.primaveraresidences.com](http://www.primaveraresidences.com)
- ii. Social Media:
  - Facebook page: [www.facebook.com/CondoPrimavera](http://www.facebook.com/CondoPrimavera)
  - Twitter account: [www.twitter.com/PrimaveraCondo](http://www.twitter.com/PrimaveraCondo)
  - You Tube: [www.youtube.com/channel/UCUOsZeQBmpX4teDrjYEHBwQ](http://www.youtube.com/channel/UCUOsZeQBmpX4teDrjYEHBwQ).
- iii. e-Newsletter: *IDC sends out e-newsletters to almost 50,000 clients*
- iv. Online Listings: *IDC has forged tie-ups with several online property listings such as Agoda, MyProperty.ph, and Lamudi to boost unit rentals<sup>6</sup>*

### (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 V. 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

<sup>6</sup>IDC units, together with other customer-owned units, can opt to assign management and lease of their units through the Company's affiliate Damiani Property Management and Services, Inc.

## **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 – Php20,000 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 7% discount on TCP.
3. Deferred Payment – 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 amortization 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 C's 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.

## **POLICY FOR RE-SELLING DEFAULTING CLIENTS AND CANCELLED SALES**

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.

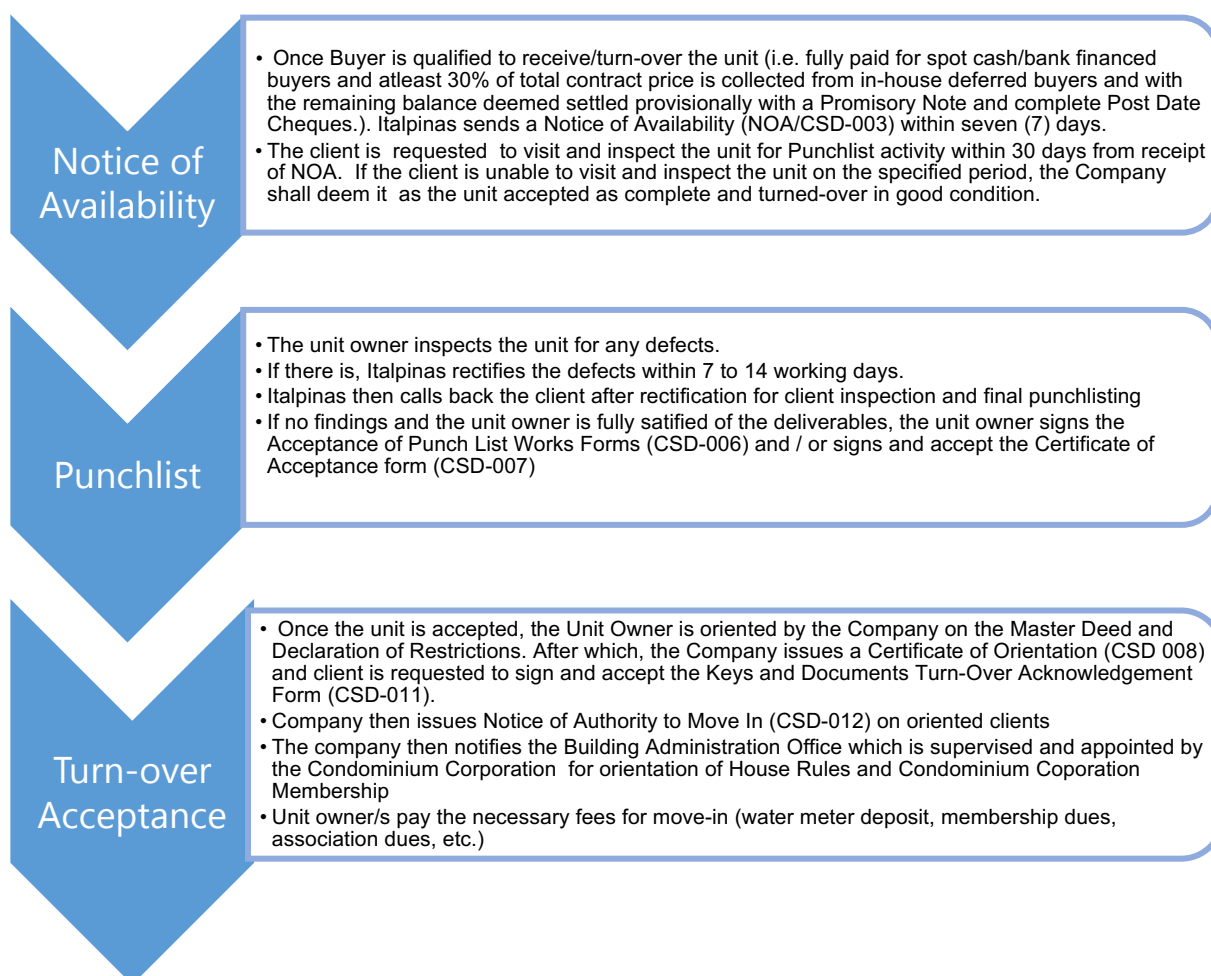
- b. The IDC shall be entitled to cancel this Contract to Sell without need of a court declaration to that effect, by giving the customer a written notice of cancellation sent to the address of the customer as specified herein, by registered mail or personal delivery. As a result of such cancellation, 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 cancellation for defaulting clients, it takes up to 90 days before the Contract to Sell is cancelled. Below is the process in case of payment default conditions:

The Company has a credit and collection department which is in charge of handling the amortization payments of buyers. The team is responsible for the timely collection of payments, depositing of post-dated checks and the eventual remittance of payments to the Company's treasury group and undertaking remedial measures for delinquent accounts. The CCS are also 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.

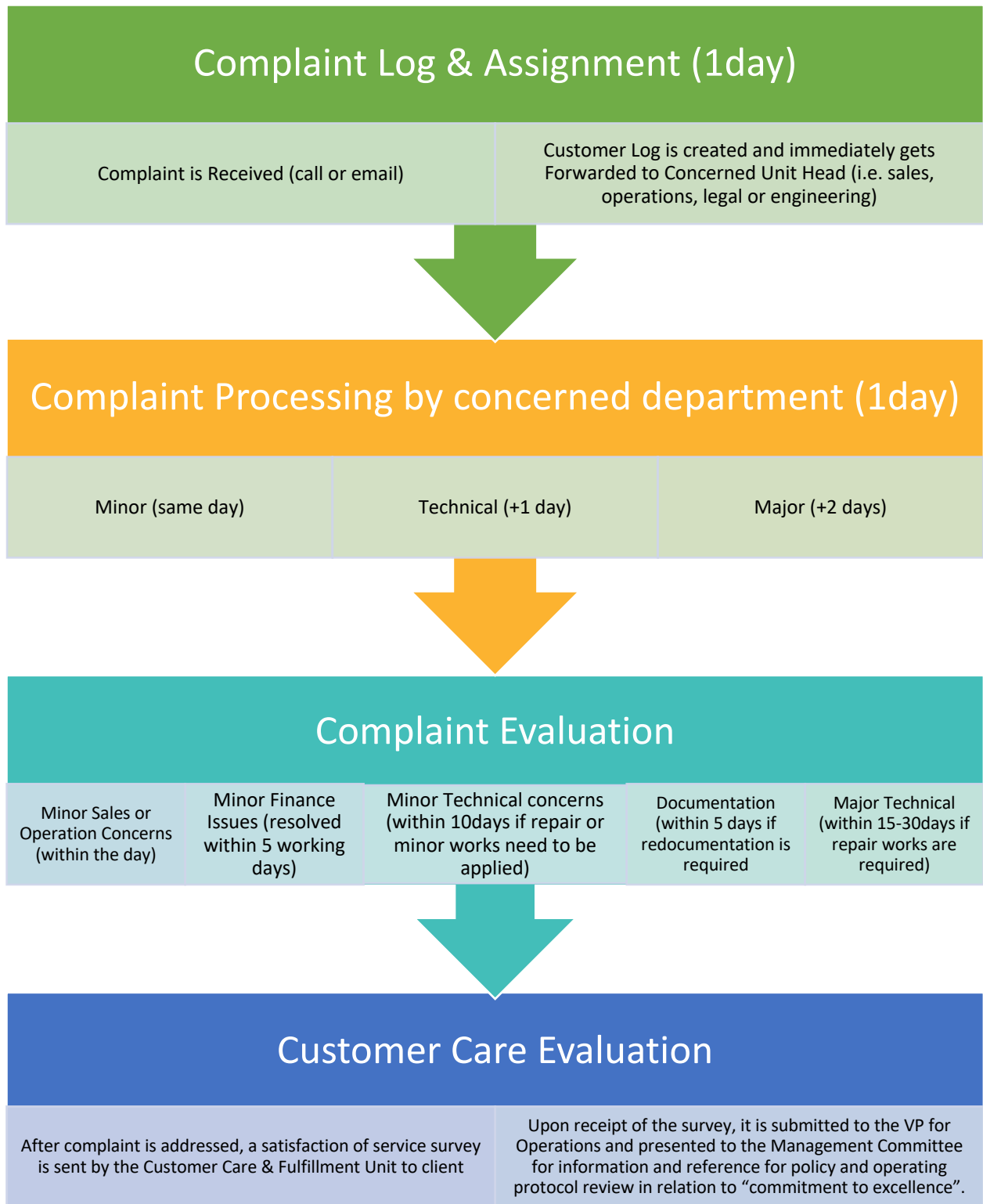
## HANDLING OF AVAILABILITY AND TURN-OVER OF UNITS

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



## HANDLING OF CUSTOMER COMPLAINT

Below is the process flow on the Company's handling of customer complaint:



## **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. 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). However, 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.

The Company is required to secure the following permits and licenses from the respective regulatory agencies for the development of its Primavera Residences Tower A and B, Primavera City Phases 1 and 2 as well as Miramonti Phase 1 projects. The details of these permits and licenses are shown below.

**STATUS OF PERMITS & LICENSES**

Permits	Date of Filing/	Validity	Regulatory Body/ Unit Who Issued Such Permit	Holder of Permit	Status	Expiration Date
Environmental Compliance Certificate	10-Mar-10	N/A	Department of Environment and Natural Resources	Primavera Residences Tower A	Completed	N/A
HLURB Development Permit	19-Mar-10	6-Jul-12	Housing and Urban Development Coordinating Council		Completed	6-Jul-12
Certificate of Registration	9-Jul-10	N/A	Housing and Land Use Regulatory Board		Completed	N/A
Building Permit	26-Feb-10	15-Dec-13	Office of the City Building Official, City of Cagayan de Oro	Primavera Residences Tower A	Completed	15-Dec-13

Permits	Date of Filing/	Validity	Regulatory Body/ Unit Who Issued Such Permit	Holder of Permit	Status	Expiration Date	
License to Sell	9-Jul-10	N/A	Housing and Land Use Regulatory Board	Primavera Residences Tower B	Completed	N/A	
Occupancy Permit	9-Dec-12	N/A	Office of the City Building Official, City of Cagayan De Oro		Completed	N/A	
Environmental Compliance Certificate	10-Aug-12	N/A	Department of Environment and Natural Resources		Completed	N/A	
HLURB Development Permit	10-Aug-12	16-Jan-16	Housing and Urban Development Coordinating Council		Completed	16-Jan-16	
Certificate of Registration	27-Dec-12	N/A	Housing and Land Use Regulatory Board		Completed	N/A	
Building Permit	March 28, 2012/	30-Nov-15	Office of the City Building Official, City of Cagayan De Oro		Completed	30-Nov-15	
License to Sell	27-Dec-12	N/A	Housing and Land Use Regulatory Board		Completed	N/A	
Occupancy Permit	3-Nov-15	N/A	Office of the City Building Official, City of Cagayan De Oro		Completed	N/A	
Barangay Clearance	Mar. 31, 2014	N/A	Carmen Barangay Hall, Cagayan de Oro City		Primavera City Phase I	Completed	N/A
Environmental Clearance Certificate	Sept. 19, 2014	N/A	Environmental Management Bureau, DENR Region 10	Completed		N/A	
Locational Clearance/ Zoning Certificate	Aug. 18, 2014	N/A	City Planning and Development Office, Cagayan de Oro City	Completed		N/A	
CAAP Height Clearance	Jul. 18, 2014	Expired	Civil Aviation Authority of the Philippines	Completed		Expired	
Re-application	Oct. 15, 2018	Oct. 15, 2020	Civil Aviation Authority of the Philippines	Completed		Oct. 15, 2020	
Building Permits	Feb. 26, 2015	N/A	Ofc. of Building Official, Cagayan de Oro City	Completed		N/A	
Development Permit	Mar. 30, 2015	N/A	Housing and Land Use Regulatory Board, Region 10	Completed		N/A	
Alteration of Plan 1	Jun. 13, 2016	N/A	Housing and Land Use Regulatory Board, Region 10	Primavera City Phase I		Completed	N/A
Alteration of Plan 2	Oct. 24, 2016	N/A	Housing and Land Use Regulatory Board, Region 10			Completed	N/A



Permits	Date of Filing/	Validity	Regulatory Body/ Unit Who Issued Such Permit	Holder of Permit	Status	Expiration Date
Alteration of Plan 3	Oct. 25, 2018	N/A	Housing and Land Use Regulatory Board,		Completed	N/A
Certificate of Registration	Jun. 13, 2016	N/A	Housing and Land Use Regulatory Board,		Completed	N/A
License to Sell Tower A	Jun. 24, 2016	Jun. 30, 2022	Housing and Land Use Regulatory Board,		Completed	Jun. 30, 2022
License to Sell Tower B	Jun. 13, 2016	Jun. 30, 2022	Housing and Land Use Regulatory Board,	Primavera City Phase II	Completed	Jun. 30, 2022
Barangay Clearance	Jul. 24, 2018	N/A	Carmen Barangay Hall, Cagayan de Oro City		Completed	N/A
Environmental Clearance	Nov. 11, 2018	N/A	Environmental Management Bureau,		Completed	N/A
Locational Clearance/ Zoning Clearance	Aug. 3, 2018	N/A	City Planning and Development Office,	Primavera City Phase II	Completed	N/A
CAAP Height Clearance	Oct. 15, 2018	Oct. 15, 2020	Civil Aviation Authority of the Philippines		Completed	Oct. 15, 2020
Fire Safety Evaluation Clearance	Jan. 4, 2019	N/A	Bureau of Fire Protection		Completed	N/A
Building Permits	May 17, 2019	N/A	Ofc. of Building Official, Cagayan de Oro City		Completed	N/A
Development Permit	4 April 2019	N/A	Housing and Land Use Regulatory Board,		Completed	N/A
Certificate of Registration	24 June 2019	N/A	Housing and Land Use Regulatory Board,		Completed	N/A
License to Sell Tower A	24 June 2019	Aug. 31, 2024	Housing and Land Use Regulatory Board,		Completed	Aug. 31, 2024
License to Sell Tower B	24 June 2019	Aug. 31, 2024	Housing and Land Use Regulatory Board,	Completed	Aug. 31, 2024	
Barangay Clearance	Nov. 24, 2016	N/A	Ofc. of Barangay Chairman,	Miramonti Phase 1	Completed	N/A
Environmental Clearance	Mar. 31, 2017	N/A	Barangay San Rafael	Miramonti Phase 1	Completed	N/A
Locational Clearance	Mar. 6, 2017	N/A	Environmental Management Bureau,		Completed	N/A
CAAP Height Clearance	Jul. 20, 2016	N/A	Sangguniang Bayan of Sto. Tomas, Batangas		Completed	N/A

Permits	Date of Filing/	Validity	Regulatory Body/ Unit Who Issued Such Permit	Holder of Permit	Status	Expiration Date
Laguna Lake Dev. Clearance	Jun. 13, 2017	N/A	Civil Aviation Authority of the Philippines		Completed	N/A
Earthquake Hazard	Apr. 3, 2017	N/A	Laguna Lake Development Authority		Completed	N/A
Building Permits	Mar. 16, 2017	N/A	PHIVOCS, Department of Science and		Completed	N/A
Development Permit	Apr. 17, 2017	N/A	Ofc. of Building Official, Sto. Tomas, Batangas		Completed	N/A
Alteration of Plan	Oct. 26, 2017	N/A	Housing and Land Use Regulatory Board,		Completed	N/A
Certificate of Registration	Dec. 7, 2017	N/A	Housing and Land Use Regulatory Board,		Completed	N/A
License to Sell	Dec. 7, 2017	Aug. 7, 2022	Housing and Land Use Regulatory Board,		Completed	Aug. 7, 2022

## 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 are 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 has 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 54.3:1, 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 (ie. 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/Train Act***

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. Under the first package of TRAIN law which took effect on January 1, 2018, lots and house and lots (and other properties which are deemed residential) worth Php1,500,000 and Php 2.5 million 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 P3,199,200 million 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 PhP2.5 million 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

## **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 installment payments. Mode of acquisition is through contract to sell, on installment basis and the source of financing is IDC equity. As of September 30, 2021, amounts of outstanding balance for Lot 1, 2, and 3 are PhP5.04 million, PhP5.89 million, and PhP6.18 million, respectively. For the site of Miramonti Phase 2 lot in Sto. Tomas, the property is under the name of RFM Science Park of the Philippines, Inc. but with an Agreement with right of first refusal. The Company also owns two intellectual property rights in its favor, which are registered with the Intellectual Property Office of the Philippines.

## **REAL PROPERTIES**

### **Primavera Residences**

The land for Primavera Residences Tower A is a 1,125 square meter property with TCT number 137- 2011000850, located at Barangay of Upper Carmen Cagayan de Oro City, Island of Mindanao, Philippines. This property was acquired from PODC at a total contract price of PHP 13,227,213.00 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 PHP 13,238,970.21, which was fully paid last 08 February 2013. Said title was used to secure the Company's developmental loan with Bank of Philippine Islands (BPI). The liens and encumbrances on the land has been cancelled since the development loan with BPI has been fully paid on April 2017.

The Primavera Residences Tower A and B has been finished and delivered.

### **Primavera City**

The land for Primavera City project Phases 1, 2, 3 and 4 consists of seven (7) lots with a total area of 6,558 square meters. The property is located at Macapagal corner Masterson Avenue, Pueblo de Oro Business Park, Bgy. Upper Carmen, Cagayan de Oro City, Island of Mindanao under the name of PODC. Contracts to Sell have been entered into by the Company for three lots covering 2,810 sqm. (lots 1, 2, and 3). The

land for lots 4, 5, 6 and 7, allocated as the site for Primavera City Phase 1 – Towers A and B and Primavera City Phase 2, has been fully paid by IDC and the title is already under the name of Italpinas Development Corporation.

The land for Primavera City Tower A is a 937 square meter property pertaining to Lot 7, Block 20 with TCT number 137-2016001714 in the name of IDC has been issued by the Registry of Deeds on April 8, 2018. Similarly, the land title for Primavera City Tower B is a 937 square meter property pertaining to Lot 6, Block 20 with TCT number 137-2016001800 has been issued by ROD on April 8, 2016. Both properties are located at Barangay of Upper Carmen Cagayan de Oro City, Island of Mindanao, Philippines. The two properties were acquired from PODC at a total contract price of PHP 24,616,208.10.

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 PHP 33,475,693.

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 March 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 a right of first refusal over this lot with the land owner, RFM. The company is currently in process of securing the Contract to Sell on this property subject to final arrangements on the sale with the owner.

## INTELLECTUAL PROPERTY

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
 <p>ITC ITALPINAS DEVELOPMENT CORPORATION</p>	Registration No. 4/2015/00504687  25 Aug 2016	10 years  Until 25 Aug 2026
 <p>IDC</p>	Registration No. 4/2016/00503037  10 Nov 2016	10 years  10 Nov 2026
<p><i>Move into Italian style</i></p> <p>Move into Italian Style</p>	Registration No. 4/2016/00502899  10 Nov 2016	10 years  10 Nov 2026
<p><b>Living by design</b></p> <p>Living by Design</p>	Registration No. 4/2015/00504770  22 Sep 2016	10 years  22 Sep 2026
 <p>Primavera Residences in CDO</p>	Registration No. 4/2017/00016019  10 October 2019	10 years  10 Oct 2029

 <p>Primavera City</p>	<p>Registration No. 4/2016/00502079</p> <p>22 Sep 2016</p>	<p>10 years</p> <p>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. 4/2019/00004367</p> <p>24 October 2019</p>	<p>10 years</p> <p>24 Oct 2029</p>
 <p>Città Bella @ City Primavera Move into italian style</p> <p>Città' Bella @ Primavera City Move Into Italian Style</p>	<p>Registration No. 4/2019/00004369</p> <p>10 January 2020</p>	<p>10 years</p> <p>10 Jan 2030</p>
 <p>Città Grande @ City Primavera Move into italian style</p> <p>Città' Grande @ Primavera City Move Into Italian Style</p>	<p>Registration No. 4/2019/00004366</p> <p>24 October 2019</p>	<p>10 years</p> <p>24 Oct 2029</p>
 <p>Città Alta @ City Primavera Move into italian style</p>	<p>Registration No. 4/2019/00004368</p> <p>24 October 2019</p>	<p>10 years</p> <p>24 Oct 2029</p>



 <p>Miramonti</p>	Registration No. 4/2017/00004603  14 Sep 2017	10 years  14 Sep 2027
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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 three (3) years until February 2022 with option to renew 60 days prior to the expiry of the lease contract. The monthly rental for the Office Space and Parking Space is Php219,039 and Php11,760, respectively.

## FUTURE PROSPECTS

As discussed previously, through a combination of qualitative and quantitative market studies, the Company has identified potential areas for its future developments in Southern Luzon & Visayas.

### ***Board of Directors and Principal Officers***

The members of the Board and Principal Officers of the Company are as follows:

<b>Name</b>	<b>Nationality</b>	<b>Position</b>	<b>Date of Last Election / Appointment</b>
Romolo Nati	Italian	Director, Chairman and Chief Executive Officer	January 22, 2021
Jose D. Leviste III	Filipino	Director/President	January 22, 2021
Shennan A. Sy	Filipino	Director, Treasurer	January 22, 2021
Christine P. Base	Filipino	Director/Corporate Secretary	January 22, 2021
Dionisio A. Tejero	Filipino	Director	January 22, 2021
Monina Jane S. Nazal	Filipino	Director	January 22, 2021
Jose G. Araullo	Filipino	Independent Director	January 22, 2021
Raphael Dominguez	Filipino	Independent Director	January 22, 2021
Emeraldo Magnaye	Filipino	Director	March 12, 2021

The members of the Board of Directors are elected during each regular meeting of the stockholders and shall hold office for one (1) year and until successors are elected and qualified.

## ***Profile and Business Experience of the Board of Directors***

Following are descriptions of the business experience of the Company's directors and officers for the last five (5) years:

### **Arch. Romolo Valentino Nati**

*Chairman of the Board of Directors, Chief Operating Officer*

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

### **Atty. Jose Dayrit Leviste, III**

*Director, President*

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

### **Atty. Shennan A. Sy**

*Director, Treasurer*

52 years old, Filipino, passed the CPA board exam in 1991 and was admitted to the Philippine Bar in 1996. He got his Bachelor of Arts degree, Major in Economics and Bachelor of Science in Commerce, Major in Accounting (Cum Laude) in De La Salle University. He was also a Juris Doctor (Salutatorian) in Ateneo de Manila University. He got his Master of Laws from the University of Michigan as a Fullbright Scholar and DeWitt Fellow. He was formerly a Senior Associate, Banking, Finance, and Tax Group, in Quisumbing Torres (member firm of Baker and McKenzie International). He is currently a Principal in Kalaw, Sy, Vida Selva and Campos Attorneys and Counselors-at-Law. Atty. Sy is also a Director in Abundant Homes Realty, Batangas Realty Incorporate, Business Incubators Group Services, Inc., Eight Golden Fruits Holdings, Inc., Fortitude Ventures, Inc., General Memorial Corporation, and Sugarcane Holdings Inc. just to name a few.

**Mr. Jose G. Araullo**

*Independent Director*

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

**Atty. Christine P. Base**

*Director, Corporate Secretary*

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

**Atty. Dionisio A. Tejero**

*Director*

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

**Rafael Dominguez***Independent Director*

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

**Atty. Monina Jane S. Nazal***Director*

43, Filipino, served as the Assistant Vice President for Legal Governance and Corporate Social Services of Clark International Airport. She earned her Bachelor's Degree in Law at the Arellano University School of Law, and Bachelor of Arts Major in Political Science at the De La Salle University. She is currently a Senior Associate at Pacis and Reyes, Attorneys. She is also a director and/or corporate secretary for several private corporations.

**Major General Emerald C. Magnaye***Director*

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

## **Key Officers**

### **Mr. Harold J. Dacumos**

*Senior Vice President for Banking and Business Development*

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

### **Ms. Mary Ann B. Lopez**

*Vice President and Head of Finance and Accounting*

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

### **Mr. Guiseppe Garofalo**

*Chief Operating Officer*

34 years old, Italian, earned his degree in Civil Engineering at the University of Calabria in Italy. He also has a Master's degree in Structural Engineering at the Polytechnic of Turin (Italy). He is the overall head of the design and Engineering of IDC. As Project Director, he also oversees the construction of all IDC projects in Cagayan de Oro and Batangas as well as future projects under development. He was appointed as IDC Chief Operating Officer on June 2021.

**Ms. Gladys M. Echano**

*Sales Director – Primavera Sales Office*

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

**Ms. Clara Marie Asuncion G. Elizaga**

*Director for Corporate Affairs and Operations – Primavera Sales Office*

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

As of 30 September 2021, the company has sixty (60) regular employees and four (4) contractual employees which we believe to be sufficient to handle the operations for the next twelve (12) months. None of them are subject to any Collective Bargaining Agreement.

<b>Job Level</b>	<b>Number</b>	<b>Employment Status</b>
Executive Management	8	Regular
Managerial & Supervisory	11	Regular
Rank-and-File	41	Regular
Rank-and-File	4	Contractual

## **Item 6. Involvement in Certain Legal Proceedings**

Apart from the following, the Company is not aware of any adverse events or legal proceedings during the past five years that are material to the evaluation of the ability or integrity of its directors or executive officers:

<b>Date Filed</b>	<b>Case No.</b>	<b>Parties</b>	<b>Venue</b>	<b>Nature</b>
October 18, 2017	CV-ORD-2018-881	IDC vs. Atty. Gael Paderanga, Ma. Olivia Gonzales and Kretzyl Abdon	RTC-Cagayan de Oro	For Accounting & production of documents relating to Condominium Corporation
November 9, 2017	CR-ORD-2018-3105	People vs. Marie Cristy Lugtu	RTC-Cagayan de Oro	For Cyber Libel arising from statements posted on Facebook
November 9, 2017	CR-ORD-2018-2104	People vs. Atty. Gael Paderanga	RTC-Cagayan de Oro	For Cyber Libel arising from statements posted on Facebook
May 10, 2018	CV-ORD-2018-791	IDC vs. Atty. Gael Paderanga, Marie Cristy Lugtu, Ma. Olivia Gonzales, Clyde D. Talampas, Carmela Lee, Board of Directors of Primavera Residences Association of Unitowners, Harold Dacumos, Antonio Damiani, Giselle Mantilla, Board of Directors of Primavera Residences Condominium Corporation	RTC-Cagayan de Oro	For Consignation of condominium dues on account of two factions within the Board of Directors
August 17, 2018	CV-ORD-2018-881	IDC vs. Atty. Gael Paderanga, Ma. Olivia Gonzales, Engr. Marie Cristy Lugtu, Ma. Carmela Lee, Clyde Talampas and Kretzyl Abdon	RTC-Cagayan de Oro	For Indirect contempt arising from the failure and refusal of respondents to abide by the Temporary Restraining Order issued by the Court in CV-ORD-2018-791
November 23, 2018	R-MKT-17-02580-CV	IDC vs. Marie Cristy Lugtu	RTC-Makati	For Civil Damages arising from Criminal Case No. CR-ORD-2018-3105
November 23, 2018	R-MKT-18-04974-CV	IDC vs. Marie Cristy Lugtu	RTC-Makati	For Civil Damages for Malicious Prosecution
November 23, 2018	RMKT-18-04-973-CV	IDC vs. Atty. Gael Paderanga	RTC-Makati	For Civil Damages arising from Criminal Case No. CR-ORD-2018-2104
February, 2021	CA-GR SP No. 09620-MIN	Atty. Gael Paderanga vs. Judge Emmanuel Pasal & IDC	Court of Appeals	For Certiorari & Prohibition arising from the denial of the Motion to Quash filed by

				herein Petitioners in Criminal Case No. CR-ORD-2018-3104
August 12, 2021	RAB 10-08-00491-2021	Cain Peden v. IDC, Rizhle Construction Development Corporation and Rizaldy Cano	NLRC RAB X	For Illegal Dismissal arising from the dismissal by Rizhle, IDC's general contractor, of one of its employees

All the above-mentioned cases, do not affect the ability and integrity of the subject officers and directors.

### **Item 7. Market Price of and Dividends**

The Company's Common Shares are traded on the PSE under the symbol "IDC".

The following table sets out, for the periods indicated, the high and low sales prices for the Company's Common Shares, as reported on the PSE:

Year	Quarter	High	Low	Closing Price (in Php)
2020	First	2.270	1.980	2.090
	Second	2.080	1.930	2.040
	Third	2.100	2.050	2.090
	Fourth	3.180	3.010	3.180
2019	First	5.000	4.860	4.860
	Second	4.940	4.850	4.860
	Third	6.900	6.600	6.800
	Fourth	4.010	3.640	3.790
2018	First	5.260	4.900	5.140
	Second	5.140	5.000	5.020
	Third	5.400	5.240	5.240
	Fourth	5.040	4.650	4.850

The closing price of the Company's stocks as of the latest practicable trading dates were as follows:

Year	Quarter	High	Low	Closing Price (in Php)
2021	First	2.490	2.390	2.480
	Second	2.590	2.500	2.590
	Third	2.00	1.900	1.950



At present, the Company has an authorized capital stock of PHP377,993,600.00 divided into 655,987,200 common shares and 100,000,000 preferred shares both with a par value of PHP0.50. The increase in authorized capital stock was approved by the SEC on December 22, 2017.

The Board of Directors of the PSE approved the listing of the Common Shares on November 11, 2015. The Common Shares are not subject to outstanding options or warrants to purchase, or securities convertible into Common Shares. The Offer Shares was listed on December 7, 2015 under the stock symbol "IDC" on the SME Board of the Exchange.

No stockholder shall have a right to purchase or subscribe to any additional share of the capital stock of the Company whether such shares of capital stock are now or hereafter authorized, whether or not such stock is convertible into or exchangeable for any stock of the Company or of any other class, and whether out of the number of shares authorized by the Articles of Incorporation of the Company as originally filed, or by any amendment thereof, or out of shares of the capital stock of any class of the Company acquired by it after the issue thereof; nor shall any holder of any such stock of any class, as such holder, have any right to purchase or subscribe for any obligation which the Company may issue or sell that shall be convertible into, or exchangeable for, any shares of the capital stock of any class of the Company or to which shall be attached or appertain any warrant or warrants or any instrument or instruments that shall confer upon the owner of such obligation, warrant or instrument the right to subscribe for, or to purchase from the Company, any shares of its capital stock of any class.

The Board of Directors may, from time to time, grant stock options, issue warrants or enter into stock purchase or similar agreements for purposes necessary or desirable for the Company and allocate, sell or otherwise transfer, convey or dispose of shares of stock of the Company of a class or classes and to such persons or entities to be determined by the Board of Directors including, but not limited, to employees, officers and directors of the Company.

Further, no transfer of stock which will reduce the ownership of Filipino citizens to less than the required percentage of the capital stock as may be required by law shall be allowed or permitted to be recorded in the proper books of the Company.

## **STOCKHOLDERS**

Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

<b>Title of each class</b>	<b>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</b>
Common Shares	434,185,375

The following are the Top Twenty (20) stockholders of the Company as of September 30, 2021:

<b>Name</b>	<b>Nationality</b>	<b>No. of Shares Subscribed and paid</b>	<b>% of Total Outstanding Shares</b>
Jose D. Leviste III	Filipino	139,867,538	32.21%
Romolo V. Nati	Italian	108,499,803	24.99%
PCD Nominee Corporation (Filipino)	Filipino	179,359,701	41.31%
PCD Nominee Corporation (Foreign)	Foreign	6,455,824	1.49%
Christine P. Base	Filipino	2	Nil
Shennan A. Sy	Filipino	642	Nil
Antonio R. Samson	Filipino	637	Nil
Ofelia R. Blanco	Filipino	700	Nil
Owen Nathaniel S Au ITF Li Marcus AU	Filipino	195	Nil
Owen Nathaniel S. Au ITF Li Marcus AU	Filipino	195	Nil
Shareholders' Association of the Philippines Inc.	Filipino	135	Nil
Jose G. Araullo	Filipino	2	Nil
Jose M. Periquet	Filipino	1	Nil
<b>Total</b>		<b>434,185,375</b>	<b>100.00%</b>

a. Dividends

i. Dividend History

The Board of Directors of the Corporation in a special meeting held on January 30, 2015 declared stock dividends of 0.64 for every one (1) share owned by all the holders of the Company's Common Shares in the amount of PHP 31,998,400.00 to all stockholders of record as of January 30, 2015.

On April 27, 2017, the board of directors approved to declare 100,000,000 stock dividends and the shareholders ratified the same on May 31, 2017. The SEC approved the declaration of dividends on December 22, 2017. The record date of the declaration was January 15, 2018 and payment and listing date was on February 5, 2018.

The board of directors approved to declare stock dividends amounting to PhP 97,691,710.00 or 195,383,419 shares and the shareholders ratified the same on January 22, 2021, The record date, payment date and listing date is yet to be determined by the Commission as soon as its application for increase in authorized capital stock is approved by the Commission.

ii. Recent Sales of Unregistered / Exempt Securities

Within the past year, the Corporation has not undertaken nor has entered into any recent sale of any unregistered or exempt securities, including recent issuances of securities constituting an exempt transaction.

iii. Corporate Governance

The Company has promulgated a Manual on Corporate Governance that took effect in 2015. The Manual continues to guide the activities of the Company and compliance therewith has been consistently observed.

There has been no deviation from the Company's Manual on Corporate Governance.

The Company believes that its Manual on Corporate Governance is in line with the leading practices and principles on good governance, and such, is in full compliance.

The Company will improve its Manual Corporate Governance when appropriate and warranted, in the Board of Directors' best judgment. In addition, it will be improved when a regulatory agency such as the SEC requires the inclusion of a specific provision.